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FINANCIAL TIMES

No. 27,363 Wednesday September 21 1977 **مخبرين الاحصاء**

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NEWS SUMMARY

BUSINESS

Equities and gilts rise; gold up \$1

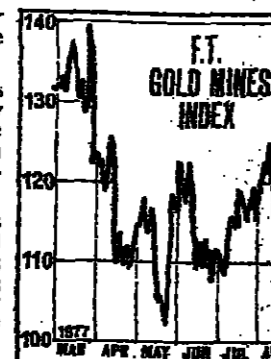
● EQUITIES made a modest recovery in less active trading. The FT 30-share index added 3.4 at 322.3. South African Gold shares rose again in line with the improvement in the bullion price. Gold Mines index gained 1.2 to 136.2, which is only 1.1 below the year's high in March.

● GILTS were firmer, with gains ranging to ¼ in shorts and ½ in longs.

● STERLING ease 3 points to \$1.7417. Its trade-weighted index was unchanged at 62.3. The dollar's weighted average was 0.64 (0.59) per cent.

● GOLD gained \$1 to \$150 1/2, lower at \$50.66 near the close.

● U.S. TREASURY Bill rates: Three 5.851 (5.857), six 5.976 (6.088) per cent.



Post-war record of 6.1% now unemployed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment increased sharply during the past month and is now on a clearly rising trend.

The number of adults out of last two weeks about the work in the U.K. increased by 6.1 per cent to 32,600 in the month to mid-September. A decision is unlikely to be taken until the new Treasury forecasts are ready in a few weeks and the pattern of wage settlements is clearer.

But a statement may be delayed until after the prospects for 1978-79 have been revised in November when an International Monetary Fund team visits London for talks.

Public expenditure measures designed to boost employment directly took a strong possibility whether the main uncertainty is whether a tax cut will be announced before the end of the year or whether a promise will be given about action to be taken in the spring budget.

Mr. Denis Healey, the Chancellor, said on Monday that the government will be "steadily" and "continuous" rather than too much "too late."

The pressures for reflation were also strengthened yesterday by Central Statistical Office figures showing a fall in the level of economic activity as measured by Gross Domestic Product, in the first half of the year.

The view of the Government, shared by most economists, is that both demand and output will improve in the autumn as the rate of inflation slows and the income tax cuts and rebates boost take-home pay.

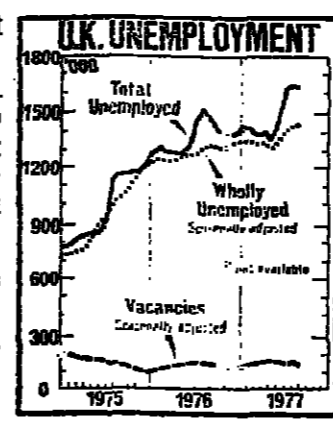
There is, however, disagreement about the extent of the recovery in activity and of the need for reflation. But most economists and policymakers believe that any likely growth in the economy will not be sufficient to prevent a further rise in unemployment during the winter.

The other main indicator of labour market activity - notified vacancies - is also not encouraging with a drop of 8,400 to 144,700 last month in the seasonally adjusted total. This is 16,500 below the May peak.

The figure for the flows on and off the register are also consistent with a rising trend in the number of jobs.

The total number of unemployed on the register would have been about 225,000 higher but for the impact of the Government's various job preservation and creation measures.

Editorial Comment Page 18



Local Front

and even children. More than 19,000 county schools and Wales, a Government-appointed Committee has recommended that local community groups should have representation in each school's governing body.

The report, teachers' union, says that school governors should have more powers, contents and method of appointment.

Local Front ban

Local Front has been banned from staging a march below the year's high in March. The ban is on all marches on September 21 and 22, thus preventing the reb called for October.

back, up

ch yesterday returned to the big plant for the first time for ten months. Cost another 4p a day. Timing of the fly due to the bakers' outdated British Foods (age 10)

IP fined

an Montgomery, Conn. P for Altnaham and fire, since 1974 and diaminary Secretary hatcher, was found London magistrates along two books from Navy Stores and h £70 costs. He is

marries

Well Park, Hants, d yesterday within being winched by the 100 to it was said: s the trouble with hey suppress their heir worry and con on inside them at the point when they

move

Cruise O'Brien, 59, Cabinet Minister, d from the Irish Labour Party. A speech criticised speech dained the majority d not desire unity. P.P. Page 18

witches

in, dominant figure Young Liberals for has resigned from Party and applied hour Party. Page 24

tributes

e paid to Maria funeral in Paris held in London.

Foreign Secre

d a St. Paul's memorial service for o, the black South

Thatcher, Con-

ly leader, began a Scottish Highlands isles. Page 24

Kennedy Omasis

\$28m. from the Alitalia, made a loss of £300m-late husband, of a lation Board said. £257m. loss in 1975. Page 25

Vorster calls surprise election

BY QUENTIN PEEL

PRETORIA, Sept. 20. MR. JOHN VORSTER, the South African Prime Minister, tonight unexpectedly called a general election to demonstrate the solidarity of white South Africa in the face of foreign criticism.

In a belligerent announcement of the poll, to take place on November 30, he called on his 2m. electors to back his rejection of foreign powers seeking to "meddle in the affairs of another country," and to add their protest to his own.

At the same time he declared his intention to seek backing from parliament for constitutional change which would scrap the country's Westminster-style parliamentary system in favour of a supreme executive presidency.

The election will also catch the white opposition in a state of disarray, following a major realignment of the principal parties.

Mr. Vorster's announcement, made from the Prime Minister's conference room in Pretoria's union buildings, follows a month of fighting speeches by leading members of the Government, denouncing foreign interference in South Africa and warning of the danger of sanctions being invoked against the country.

Mandate

His statement made no bones about the mandate he is seeking: "What I am asking the electorate to do is to say that they agree with my standpoint that no one country has the right to meddle in the affairs of another country, or to prescribe to another country how it should run its affairs."

Certain Governments and "influential world organisations" had abrogated to themselves this right in relation to South Africa, he said.

Mr. Vorster refused to identify which countries he was referring to, but his statement left little doubt that the Carter Administration in the U.S. was the main offender.

But although Mr. Vorster has clearly set the tone for the coming campaign, domestic reasons also figure strongly in his decision to go to the polls.

He has just successfully won the overwhelming support of the four provincial congresses of the National Party for his constitutional proposals. However, there remain considerable doubts about the plans among Right-wing members of the party.

They claim that the plans, which would set up three parliaments—for the white, coloured (mixed race) and

Continued on Back Page

Israeli moves in Lebanon imperil talks

BY OUR OWN CORRESPONDENT BEIRUT, Sept. 20

ISRAEL has entered more directly into the conflict in the south of Lebanon than ever before increasing the danger of confrontation with Syria and of jeopardising prospects for the U.S. peace initiative for the Middle East.

As Mr. Moshe Dayan, the Israeli Foreign Minister, set about his talks in Washington, the Syrian official newspaper Al Baath said that Israeli raids on "some southern border villages" in the past few days were aimed not only at wrecking prospects for stability in south of Lebanon, but also at undermining Arab "moves and discussions" on a Middle East settlement at the forthcoming U.N. General Assembly.

In Damascus the Central Council of the Palestinian Liberation Organisation issued an appeal for urgent Arab support of the guerrillas.

Mr. Yasir Arafat, chairman of the PLO, was present at the meeting. He claimed to have come directly from the "front," where he said to have been directing Palestinian operations. Under the protection of heavy artillery, Israeli ground troops have spearheaded the assaults of the Right-wing Lebanese Phalangis against the Palestinian guerrillas fighting to hold their foothold near the border, according to Western diplomatic sources here.

They were said to have withdrawn last night, having secured new strategic positions for their Christian allies.

When the present round of fighting broke out last Friday Right-wing activists here

Continued on Back Page



Jobs threatened in BSC bid for major savings

BY ARTHUR SMITH

BRITISH STEEL Corporation has launched a major cost-cutting exercise which could place thousands of jobs at risk.

The corporation said last night that it had been forced to adopt drastic measures in response to the prolonged international recession in steel demand.

Instructions have been issued to every plant to seek economies wherever possible, including a reduction in overtime and cuts in the labour force. BSC maintained that the steel unions had given the go-ahead for such negotiations to proceed at plant level.

The corporation has phased out 20,000 jobs over the past two years to bring down the labour force to 208,000. In the longer term, the State-owned concern wants to reduce the total to about 150,000 in order to match the productivity levels of foreign competitors.

The initiative to cut costs in what will be one of the largest economy operations mounted by the corporation is intended to prevent the undertaking running up record losses, currently estimated at up to £250m. "No jobs will be spared from the exercise and all the options will be considered," said the corporation.

Even modern plants like Teeside and Llanwern are reviewing operations, but it is obviously A review is given to such operations in the review presented to the Government by Lord Beswick in February, 1975.

BSC insisted last night that its moves were not intended to bring forward final closures and that any shutdown would only be for two to three months.

Unions at Ebbw Vale, one of the high-cost plants, have already agreed to a temporary closure of two of the three open-hearth furnaces. The 313 employees affected will either be found new work or employment will be paid around 80 per cent of their wages under a fallback arrangement negotiated with the unions.

At Corby tube works, by no means one of the high-cost plants, management has put forward proposals which could mean a cut of 1,200 jobs in the 11,300 workforce.

BSC said negotiations were continuing with the unions on how to implement economies but it was hoped to deal with any labour surplus by early retirement, voluntary redundancies and natural wastage.

The plans evoked an angry response from negotiators from the five trade unions involved at Corby. The unions intend to challenge the company proposals and put forward alternative suggestions.

Wilson committee report soon

BY NICHOLAS COLCHESTER

LACK OF demand for finance, rather than a problem of supply, was one of the themes of the evidence submitted to the Committee to Review the Funding of the Financial Institutions, Sir Harold Wilson, chairman, said last night.

Sir Harold was speaking after his committee had met for a full day to discuss the large volume of evidence already received.

The committee decided yesterday to publish a progress report in November or December on the question it has been studying so far—the financing of industry and trade. This report is not expected to draw conclusions or make recommendations.

It will summarise what the committee has heard and could make this the basis of a document for discussion—something in the nature of a Green Paper.

Sir Harold also presented the committee's first publication—a volume of the written and oral evidence from the Treasury and Department of Industry.

In its oral evidence, the Treasury repeated its written thesis that business conditions are a more important determinant of investment than financial factors.

It also came out quite clearly against the idea of directing institutional investment, and disclosed that abolition of exchange controls was low in its list of priorities.

The chairman was not ready

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Schedule applicable until 15th October 1977.

SHARE CHANGES YESTERDAY

Unless otherwise indicated)

IBS	74-78...£977 + 1	Parkland Textile A	70 + 7
1111	+ 1	Pittard	58 + 6
295	+ 10	Redfearn Nat. Glass	270 + 20
44	+ 30	Rolls-Royce	78 + 5
219	+ 10	Scholes (G. H.)	265 + 10
208	+ 6	Tarmac	178 + 6
152	+ 6	Turner Mfg.	107 1/2 + 7 1/2
133	+ 13	Vickers	237 + 5
1281	+ 7	BP	926 + 5
212	+ 4	Oil Expln.	282 + 23
111	+ 4	Tricentrol	194 + 6
1571	+ 5	Anglo-Vast	740 + 40
258	+ 28	Cons. Gold Fields	190 + 7
321	+ 6	Cons. Gold Fields	198 + 11
167	+ 15	Durban Deep	362 + 14
63 + 6		Southern	862 + 14
		Winkelhaak	580 + 16

FALLS

Dale Elec.	106 - 5
Dunlop	110 - 4
Furness Withy	38 - 5 1/2
Law Land	32 - 1
Wilmot-Breden	88 - 1

Price at suspension

FEATURES

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For latest Share Index phone 01-246 8826

LOMBARD

Stability for its own sake

BY MICHAEL BLANDEN

OPPOSING arguments on the policy which the Government should follow in coping with the strong foreign demand for sterling have been neatly encapsulated in two recent publications. On one side, the Bank of England defended last week the approach which it has been following virtually since the beginning of this year of keeping the value of the pound more or less stable in terms of the dollar and then of the basket of currencies represented by the official index.

Played down

At the same time, the Bank played down the inflationary implications for money supply of the inflows of foreign funds consequent upon its policy of intervention in the exchange market. To a considerable extent, the argument ran, the foreign money accruing to the reserves had corresponded to external borrowing by the public sector, or had been invested directly in public sector debt. Furthermore, there were other compensatory factors which, the Bank suggested, might be built into the system rather than accidental—for example, to the extent that inflows of funds went to industrial and commercial companies they reduced their need for domestic bank finance and therefore held down upward pressure on the money supply from that source.

Experience

The difficulty with these arguments is that neither case can be demonstrated to be wrong except by experience, and fairly long-term experience at that. Meanwhile, decisions have to be made, and are being made, simply by the present exchange rate policy, about what to do with the benefits (which must be real) of a strong pound and an improving and potentially strong balance of payments. A case can be made for saying that a reasonable degree of stability in the exchange rate is a valid aim in itself.

TV Radio

- BBC 1
6.40-7.55 a.m. Open University (LHF only)
9.35 For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.45 p.m. News, 1.10 Public Affairs, 1.45 Hampton, 2.00 For Schools, Colleges, 3.55 Regional News for England (except London), 3.55 Play School, 4.20 Felix the Cat, 4.25 Jackanory, 4.40 Ask Aspel.

F.T. CROSSWORD PUZZLE No. 3472

Crossword puzzle grid with numbers 1-28 indicating starting positions for clues.

- ACROSS
1 A job returned to Tom in service game... (7)
5 ... tennis player made badly and is humiliated... (3-2)
10 Stuck pole in head... (5)
11 Dog followed but is cut short... (9)
12 Direction to finish—log that's nearly all... (3-2)
13 Written report which would be slander if spoken... (5)
15 Oriental cola I have could be instructional... (9)
18 The sight of jealousy? (5-4)
19 Fast raid with internal power... (9)
21 Love which ends in glamour... (9)
23 Speedy Pole possesses tone... (9)
25 Distributor providing offal in animal... (9)
26 ... and an animal for doctor to employ... (5)
27 Being normal it's an obvious choice... (7)
28 River in which the German departed... (7)
DOWN
1 Read over one state of current interest... (7)
3 Niggard is capable of being unhappy... (9)
8 Order, for example, article follows in a letter... (5)

RACING

Ryoanji set for hat-trick

BY DOMINIC WIGAN

SIX JUVENILES who won last time out are among the runners for today's John Sutcliffe Trophy at Lingfield and this valuable nursery is certain to take a good deal of winning. The likely winner will be either Jeremy Hindley's recent Yarmouth winner Pedro or Peter Walwyn-trained Ryoanji, who bids for a hat-trick after Warwick and Goodwood successes.

YACHTING

Heath's Condor beats setback

BY ALEC BEILBY

YESTERDAY, for the first time in almost a week, Robin Knox-Johnston's Condor was the only yacht which had been consuming him for a week had been solved. The crisis began last week when the 77-foot boat, Heath's Condor, lost her 100-foot carbon fibre mast 30 miles short of the Equator while heading the south in the Whitbread Round the World Yacht Race.

GARDENS TO-DAY

Finding suitable trees for small gardens

BY ROBIN LANE FOX

WHAT WOULD BE a good tree to put in as you please. It does not make a single terminal bud, rather scrawny in shape, but they grow quickly. The green Robinia Frisia is known now and still a very buy if your surroundings are to put it in an unobtrusive place where the light will play yellow to lime-green leaves. If you have noticed a bright yellow tree whose branches are small leaves, looking small even before the wind blows it is likely to be this variety. In the white-wood class, I would consider the gated Box Elder (Acer M. variegata) to run it very

APPOINTMENTS

D. Furneaux heads Marconi International Marine

Mr. David Furneaux has been appointed chairman and Mr. Ian Dick general manager of the MARCONI INTERNATIONAL MARINE COMPANY (G.M.C.M.I.) (Group of Electronics). Mr. Furneaux was formerly managing director and Mr. Dick the company's operations manager and a director. Mr. Furneaux joined Marconi Marine in 1963, became general manager of the company in 1968, and has been managing director since the beginning of 1972. Mr. Dick has been with the group since 1948. From 1968 to 1970 he was commercial manager of Marconi Marine, later becoming general manager, and was made a director in 1973.

CONGRUOUS

Pruned hard

At this time of year you would could resist the golden-leaved colours round you. Personally, Catalpa tree in any arborvitae. It spreads out prettily at a height of about ten feet. It gives a little shade; it will fit into any garden, even into a smallish front patch where it can poke over the hedge. When you read that it is called the Indian Bean Tree, you may well fall for it, picturing a few honey bees seeking shade underneath. It is a native to the eastern United States where it roots deeply in rich damp soil. The pretty name derives, from the need for pods which dangle like thin beads from the big leaves.

DEEP ROOTS

If you feel that your garden will fade away after 20 more good years, you could try the yellow-green leaves as at their best, exceptionally fresh and bold, exactly the sort of colour you would want among the first lovely Michaelmas Daisies. In my opinion, you should not bother with the plain green form because it is so dull. You must only buy the yellow one and you should be warned that they have two choices. Either you can pay £7 or £8 for a full tree for a small front garden standard tree, produced by grafting the golden form on to a stock. Or you can buy a golden Bean Tree as a bush and shape of a good oak.

GRANADA

GRANADA

- GRANADA
1.30 News, 1.35 Your Right, 5.15 Crossroads, 6.00 Granada Reports, 6.30 The Squirrels, 11.30 Prusade Theatre.
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By the way... suitable for gardens

Juggling with the facts

by CHRIS DUNKLEY

At the recent programme had no flaws at all... I reviewed the production of Samuel Beckett's 'Quad'...

Dear Paul Fox, I find it hard to believe that you really have no inkling of what I am getting at... Not only have I had a letter from you...



From 'Johnny Go Home'

First, a lot of film has gone over the sprockets since Grierson's day... There is more than one set of conventions...

The Entertainment Guide starts on Page 30

meal in this column, and in other newspapers... I am very anxious that documentaries as a genre can be discredited...

From 'Johnny Go Home' the film of squatters breaking into a house shot from the inside... From 'Take A Lifejacket' the 'chance' meeting in the street...

From Hannah Goes To Town the moment when Hannah, having travelled to London with the Yorkshire film crew... From 'Johnny Go Home' the film of squatters breaking into a house...

These are just some of the doubtful sequences which could be spotted by an alert viewer... How many more could be spotted by a knowledgeable programme maker?

If Yorkshire were happy to fix Hannah's inquiry to the new vendor, were they also happy to fix the itinerary of her walk past the sexier boardings of Soho?

Lyttelton

Happy Days

by B. A. YOUNG

"Peggy Ashcroft is as near perfection as we are likely to see in our time..." I reviewed the production of Samuel Beckett's 'Quad'...



Peggy Ashcroft

Book Review

Ballet Master

by CLEMENT CRISP

Frederick Ashton and his Ballets by David Vaughan, Adam and Charles Black, London, 1977, £12.95...

David Vaughan comes excellently qualified to his task of chronicling the creative life of Frederick Ashton...

The English boy from Ecuador, already sensitive to the possibilities of theatre through the beautiful ordering of the Mass's ritual, suddenly bowled over by Pavlova and determining to become a dancer...

ICA

Marathon

by B. A. YOUNG

Gabriel Josepovici's thought-making routine love in an English girl when his wife comes in. He shouts her dead, though it is simple enough, they evade me again...

Klaus Tennstedt in London for concerts, recordings with LPO. Klaus Tennstedt, the East German conductor, has arrived in London for the first of his recordings and concert engagements...

Benson and Hedges Music Festival at Snape Maltings. The first Benson and Hedges Music Festival (September 27 to October 2) at Snape Maltings has proved a powerful attraction...

WASHINGTON, D.C. A Renaissance of Graciness. A luxury hotel in the great European tradition. THE MADISON.

Louis Kentner

by ARTHUR JACOBS

sz Festival of London. All the same, and ungracious as it may seem to say so, I doubt whether any young, sceptical music-lover would have been content to listen to Liszt on Monday, both halves of the recital (despite the interval), with an apparently glorious form, unfolding the weak top range of the piano...

cannot be expected to play as shaped it well, but though today's young lions do. He was always attentively to the further handicapped by his rhythmic, declamatory value of Bösendorfer piano, out of tune in notes and rests.

right until next Sunday. BBC Radio London giving a Liszt recital at more Hall, not excluding pianists. To invite Kentner to give the opening on Monday was to do a dozen, Hungarian but long resident in try, he has championed Liszt of the traditional fireworks and the Liszt in 20th century disas a subtle, harmonic

accepted ideas about Brahms interpretation, for granted, the formed, even so. Monday's suggested that this was perhaps not a vintage year for the orchestra. Good individual players made their presences felt; as a section, the cellos shone—warm, firmly mottled tone in the 'Eros' Section.

ENTERTAINMENTS GUIDE (Cont.)

- THEATRES: CC, 51-53, 6622-7765. LIVES, 3.15, Sat. 7.0 and 9.0. CHINDENI, 12.45, 1.45 and 7.15. DIVINE, a performance by the National Theatre. THE WICKET, 7.30, 9.30. THE WICKET, 7.30, 9.30. THE WICKET, 7.30, 9.30.

- CINEMAS: LEICESTER SQUARE THEATRE (9.50-10.50). BRIDGE 100 FAR (A). SEP. 20.00. SEASIDE, 7.45. SEASIDE, 7.45. SEASIDE, 7.45. SEASIDE, 7.45.

- CLUBS: PRINCE CHARLES, Loc. 50, 437 8181. THE CASINO, Loc. 50, 437 8181. THE CASINO, Loc. 50, 437 8181.

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APPOINTMENTS

Company Lawyer

Alcan Aluminium (UK) Ltd. is the leading aluminium manufacturing company in the UK, and is part of the Alcan multi-national group of companies.

£5,500 p.a. and of an age range 28 to 33. Substantial company benefits will apply, including a company car.

Initially the appointment will be located in London, but will relocate to a new group head office building in Banbury, Oxfordshire early in 1978.

Interested candidates should apply to:

P. J. Taptklis Alcan Aluminium (UK) Ltd. Alcan House 30 Berkeley Square London W1X 6DP Tel: 01-493 1618.



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Candidates, aged 35-35 years, should ideally be qualified Accountants, preferably ACCA. At least three years' successful cost and management accounting experience is essential.

Candidates must have had experience of computerised accounting and management information systems. Relocation assistance to their pleasant South Coast location is payable where necessary.

Please telephone Bob Thorpe on Portsmouth (0705) 818341, or write to PER, 54 Arundel Street, Portsmouth, PO1 1NL, Hants.



LEGAL NOTICES

No. 00297 of 1977 In the HIGH COURT OF JUSTICE Chancery Division Companies Court...

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EUROPLAN NEWS

THE WEST GERMAN AEROSPACE INDUSTRY

Air crisis sucks in the Government

BY ADRIAN DICKS IN BONN



The VFW 614... glowing reports but few sales.

LIKE THE British and the French before it, the West German government is now facing the problematic task of reorganising a prestige-winning complex and highly sensitive aerospace industry.

In the next few weeks, Bonn is likely to have to take key decisions on the industry's size, where and how its resources should be concentrated, and what it should be doing.

A week ago, Herr Gruener, the State Secretary at the Economics Ministry, to act as the industry's "co-ordinator." Since then he has been trying to help crystallise a series of voluntary mergers and measures of rationalisation that would reduce excess capacity, yet leave West Germany in a position to hold a place in future European aerospace co-operation.

Both factors, however, have played a part. The group's structural difficulties have been widely attributed to the fact that work on major projects has remained divided, with the Dutch factories working on the highly successful Fokker F-27 and the increasingly successful F-28 air-liner, while the North German plants have in the civil branch had to rely on the VFW 614 and on contributing to the European A-300 Airbus.

Recent developments at VFW-Fokker may force the Government to intervene more directly.

Repeated reports of imminent divorce. Earlier this summer, a very senior member of the Bremen operating company at the German operating company at the Bremen admitted privately that "a lot of things that we hoped would result from this merger have never happened..."

with the VFW 614 on its own resources. If it has to shut the factory in Bremen, however, and its hinterland in Lower Saxony, it has focused on the alleged failure of the central management in Amsterdam...

Despite the present sense of crisis, however, it cannot yet be assumed that this is going to take place. Herr Bernd Kosegarten, the new managing director of the VFW-Fokker German operating company, yesterday said that it is inevitable...

Russians developing three new aircraft

By Michael Domec, Defence Correspondent

THE SOVIET Union is hoped to be developing the new military aircraft fighter, a low-level "buster", and a superbomber, according to the central journal, Internatsionalnaya Obzora.

The fighter is reported to be designated the MiG-29, by the Soviet answer to the U.S. McDonnell Douglas and F-16 superfighting aircraft, and is believed to be intended to replace the ageing MiG-21s, which have been the mainstay of Soviet fighter force for years, and to complement MiG-25 Foxbat aircraft.

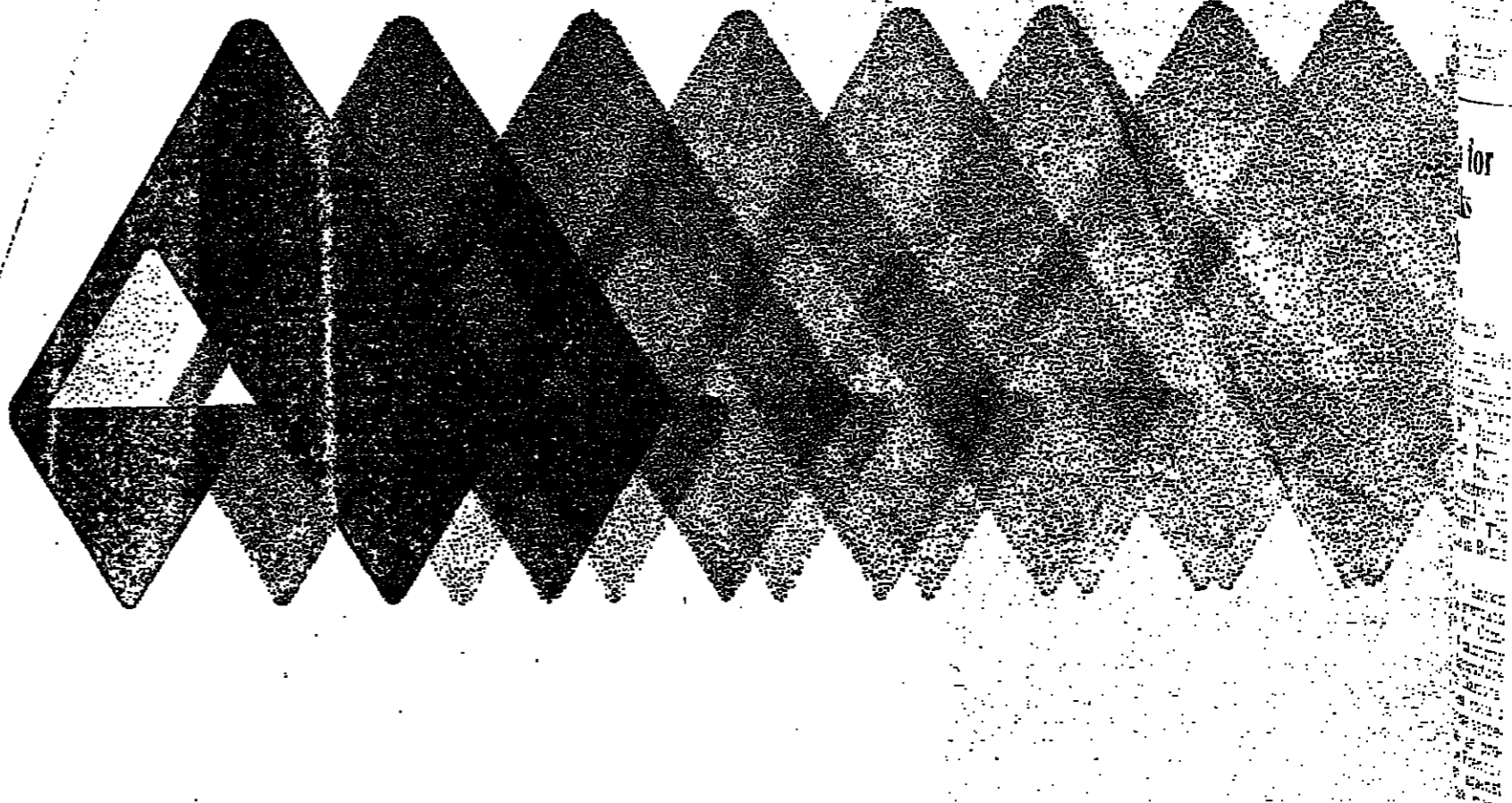
The low-level anti-tank air-support aircraft is thought to be the Soviet equivalent of the U.S. Fairchild A-19 under development for U.S. Air Force.

The superbomber is believed to be a modification of the TU-95 four-engine turboprop aircraft, which has been under development for as long as the Concorde, which has not yet entered passenger-carrying service.

International Defence view does not disclose sources in its report that they are "U.S. bases" report says the three are in the prototype development phase.

French house starts The number of housing starts in France fell 4 per cent to 242,509 in the first quarter year compared with the quarter in 1976.

Irish The number of building permits issued fell 17 per cent to 228,900 compared with half of last year.



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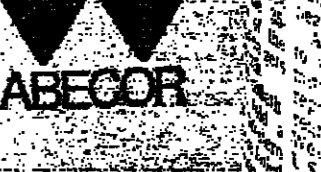
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EUROPEAN NEWS

Foreign Ministers agree EC code on S. Africa

BY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 20.

Foreign Ministers today agreed a voluntary code of conduct for the South African companies to provide better working conditions and the right of unionisation for their Black workers. Not only did the EEC code cover areas of employment policy besides wages, but it was likely to be more effective because employers subject to it were likely to feel that they were being placed at a disadvantage vis-a-vis other EEC companies competing for business in South Africa. The code is to be distributed to employers' organisations in the Nine. Responsibility for ensuring that it is observed will fall mainly on European companies, which will be required to make annual reports to the Council of Ministers on the progress achieved by their South African subsidiaries. Some of the tougher provisions had been sought by Denmark and the Netherlands, notably measures to restrict new European investments in South Africa. This proposal won little support, though the Nine have agreed to study additional methods which they might apply to economic pressure on Pretoria, such as limits on Government aid for exports to South Africa. The British Government is not alone, however, in believing that the Community should exercise prudence in drawing up any further measures, and that at this stage it is wiser to hold the threat of such actions in reserve rather than try to implement them immediately. Britain is clearly concerned that a resort to more direct pressures could jeopardise the chances of obtaining Pretoria's co-operation in securing a Rhodesian settlement. Moreover, like other EEC countries with substantial commercial investments in South Africa, it is cautious about risking inflicting an unacceptable degree of damage on them. According to official figures obtained here, British companies accounted for just over half the total of foreign investment in South Africa at the end of 1974, with U.S. investments amounting to about 20 per cent. Companies based in other Community countries owned about a further 14 per cent, of which Germany accounted for about 5 per cent, and France about 2 per cent. No estimate of the total value of foreign investments was available.

Dutch tax rise shelved, stimulus planned

By Michael van Os

THE HAGUE, Sept. 20.

A TARGET of maintaining average real incomes stable, the shelving of a planned tax increase, and a stimulus of around Fls.1.5-2bn. (£350-£465m.) for the economy in the near future are envisaged in the Dutch Government's 1978 budget proposals, published today. In the face of low expected domestic expenditure next year, and a further anticipated rise in unemployment, the plan is a substantial increase in personal taxation and social premiums of Fls.1.7bn. is abandoned. The cut will be partially offset by increased taxes on energy and cigarettes, which also have "other than budgetary" reasons, and should bring in Fls.775m. The proposals have been drawn up for the second time in 21 years, by a caretaker Cabinet, as a new left-of-centre Cabinet is currently being established. This has meant that the budget could not contain major new policy proposals, or a reassessment of priorities, but merely extrapolated the lines of recent policy. The macro-economic forecast for 1978, published concurrently by the Government's Central Planning Bureau (CPB) painted another gloomy picture of the domestic economic situation. Although inflation is being successfully contained, unemployment is expected to rise further next year, and industrial investment to grow at a slower rate. For this year, all hopes are pinned on an export-led recovery, after the extremely disappointing export performance displayed in the first half, largely as a result of the appreciated guilder. The essential problem, furthermore, of low corporate profitability has not been eased. Not taking into consideration the new injection into the economy, the CPB forecast 5.5-6 per cent. inflation next year, compared with 6.3-7 per cent. this year, while wages should rise 7.5 per cent. next year, as against 8 per cent. this year. Surplus on the current account should rise sharply to Fls.6bn. in 1978, from Fls.3.5bn. this year. Unemployment stands to rise to an average of 25,000, from 225,000. Real GNP will again be 3 per cent.

Business lacking sting?

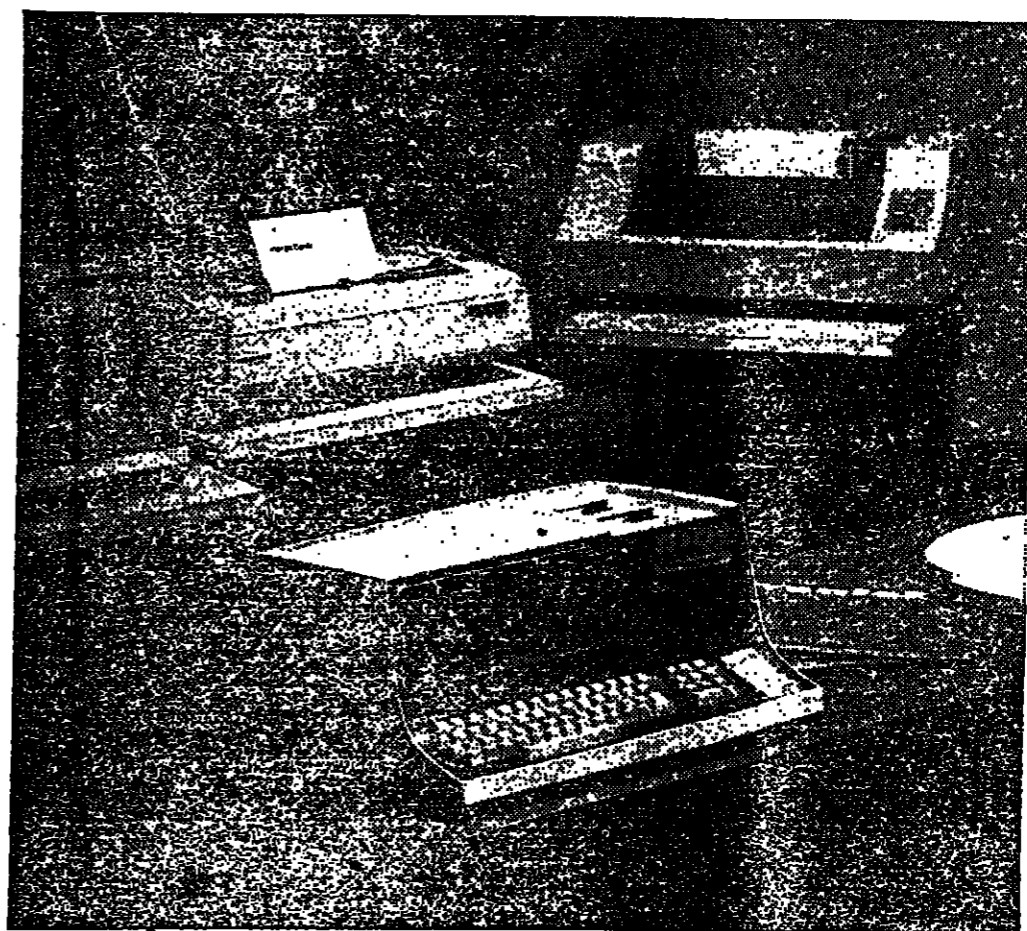


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Spain's application welcomed

BY OUR OWN CORRESPONDENT

BRUSSELS, Sept. 20.

Ministers of the Nine formally welcomed Spain's application to join the European Community, and instructed the Commission to draw up a report on it. Mr. David Owen, the Foreign Minister and German Foreign Secretary, emphasised the significance of the decision and said existing members of the EEC must now show their national self-interest towards some reservations about the agricultural consequences of enlarging the Community, also pointed to the likelihood that Spain's future membership negotiations would not be easy, and Portugal's request to join the EEC and to advance proposals for reforms in the Community's agricultural policy to accommodate enlargement. Judging by past experience, it will probably take the Commission between six months and a year to prepare its report. In the meantime, it is pledged to publish a similar study on nations which are not members of the EEC and to advance proposals for reforms in the Community's agricultural policy to accommodate enlargement.

Irish worry on incentives

BY OUR OWN CORRESPONDENT

DUBLIN, Sept. 20.

THE IRISH Minister for Industry and Commerce is flying to Brussels to-night for urgent talks to try to halt or amend an EEC plan that could destroy Ireland's package of industrial incentives which has been so successful in attracting foreign investment to the country. Under the plan, which the EEC wants to come into force on January 1, such important elements as the holiday on exports, contributions to working capital, rate rebates and soft loans would be declared illegal. Some experts have calculated that the plan would mean a reduction of between one-third and one-sixth of incentives offered by bodies like the Industrial Development Association in Ireland. The Minister, Mr. Desmond

Aghan for talks week

By Dick J. Coyle

ROME, Sept. 20.

Agreement to include Spain and Portugal is among the most discussed here later when Mr. James Callaghan meets the Italian Prime Minister Giulio Andreotti. The meeting is due in Rome on Monday evening. An Cabinet is known to be in the approach of a decision on the approach to the agreement. A minority by the Agriculture Minister, Giovanni Marcora, is expected to precede agreement on the Nine on protection for Italian (and French) farmers against new mem-

Fatal bomb explosion at Barcelona magazine office

By DIANA SMITH

MADRID, Sept. 20.

ONE PERSON was killed, two seriously injured and ten less seriously hurt, when a bomb exploded this morning in the Barcelona headquarters of the satirical weekly magazine El Papus. Wrapped in a parcel, the bomb was delivered by an unidentified individual to the commissionaire of the El Papus building. As he carried the parcel to the office, it blew up, killing him instantly and seriously injuring the switchboard operator. Damage to the premises is heavy. This was the second time this year that a bomb has exploded on the premises of a Spanish publication. In July, the print shop of the Madrid daily Diario 16 was severely damaged by an explosion late at night. No-one was hurt. El Papus, which is critical of Spanish business and government, was closed down for four months earlier this year by government order. This afternoon, in the Cortes, Sr. Marcelino Oreja, the Foreign Minister, is defending Spanish policy in the face of motions of criticism from the opposition. The powerful Socialist Party (PSOE) is taking up the cudgels on behalf of the Saharan Polisario organisation, which claims the Western Sahara, and asking for repeal of the November 1975 tripartite agreement signed by Spain, Morocco and Mauritania. This gave the latter two hegemony over the former Spanish colony. Polisario leaders, who are watching the session to-day from the visitors' gallery, claim that although Spain publicly maintains a policy of non-interference in the Sahara, it has supplied weapons to Morocco and Mauritania recently. Also to-day, the PSOE was to reiterate its objection to eventual Spanish membership of NATO.

Soviet Union tests wide body jetliner

By David Sexter

MOSCOW, Sept. 20.

THE 350-passenger Soviet Il-86 which is expected to be a future mainstay of Soviet domestic air travel will complete its appraisal test by November this year and is scheduled to be handed over to Aeroflot, the Soviet airline, by the end of 1979. Mr Genrikh Novozhilov, a designer-general, told the Soviet news agency Tass that the wide-bodied Il-86 has made more than 100 successful test flights since last December. He said that as a result the Soviet Union is close to the goal of putting the Il-86 into service during the 1978-80 five-year plan. The Il-86 is arguably the most significant of the three aircraft originally scheduled to be introduced into passenger service during the present five-year plan. The other two aircraft are the trouble-plagued TU-144 supersonic airliner which has been dropped from the list, and the short-range 120-passenger YAK-42.

Turkey deficit reaches record

BY OUR OWN CORRESPONDENT

ANKARA, Sept. 20.

TURKEY'S current account deficit in the first seven months of this year totalled a record \$2,400m., 50 per cent higher than during the same period in 1976. Exports in the first seven months of 1977 totalled \$986m., 23 per cent down on the 1976 figures, while imports rose by 16.6 per cent to \$3,389m. Gross gold and foreign cur-

Portugal mutiny

Mutineers holding an unknown number of guards and prisoners as hostages at a prison outside Oporto in northern Portugal, among them several women, surrendered to police forces yesterday, our Lisbon correspondent reports.

East does well by Helsinki agreement

By VALD DALE

has in general performed reasonably well" in the provisions of Helsinki Agreement at two years, according to British Helsinki up, which reported in London yesterday. It found there were in which the attack itself open to the East when the 35-implementation gets early next month. Chairman of Month, told a Western countries, had not yet given the East European countries in ratifying United Nations covenants endorsing the right, first negotiated in 1960s. The U.K., West Germany, Canada, Denmark and Norway have ratified the covenants. Other charges against Western Governments by various East European institutions included racial discrimination, the maltreatment of American minorities, British violations of human rights in Northern Ireland, the U.K.'s handling of the reunification of immigrant families and West Germany's loyalty laws conditioning employment. The report said, "The West should give serious attention to bad come out best and Czechoslovakia worst, particularly in the treatment of dissidents.

On the Eastern side, a large number of cases of abuses of the rights of individuals and religious and national groups had been well documented. In particular, the harassment, persecution and imprisonment of European institutions included the Helsinki Agreement were "a serious indictment of the Soviet Union." The Group stressed, however, that there had been wide variations between the different East European countries in following Helsinki commitments. Generally speaking, Hungary had come out best and Czechoslovakia worst, particularly in the treatment of dissidents.

biggest information you need

AMERICAN NEWS

Congress urged not to delay Witteveen facility

By DAVID BELL

WASHINGTON, Sept. 20.

THE CARTER Administration today warned Congress that if it does not approve American participation in the proposed \$10bn. International Monetary Fund (IMF) supplementary financing facility, the whole scheme would founder with possible serious consequences for the world economy.

Mr. Anthony Solomon, the Treasury Under-Secretary for Monetary Affairs, told the House Banking Sub-committee that although the international monetary system appeared to be functioning well at the moment, there were no grounds for complacency. In particular, he said, there were a number of countries which urgently needed help in adjusting their economies to take permanent account of the effects of the rise in the world price of oil and other factors.

Mr. Solomon noted that "action by the United States and the Congress is necessary before the facility can become a reality" and urged the committee to move swiftly to approve U.S. participation in the facility. He said that the IMF was in a strong position to propose and then monitor "adjustment" policies which would be "internationally responsive" and would avoid the "unwelcome alternatives of resort to the controls, trade restrictions and beggar-my-neighbour policies which can be so harmful to world prosperity."

Recovery in housing starts continues

WASHINGTON, Sept. 20. THE BOOM in the U.S. housing industry shows no signs of ending, according to the latest figures for new housing starts released yesterday. But other statistics published today indicate that the economic recovery has slowed down in the past three months.

Team to probe Lance charges established

WASHINGTON, Sept. 20. THE U.S. Justice Department, signalling that Mr. Bert Lance's troubles may be far from over, last night appointed a special three-man team to consider whether there is sufficient evidence to bring any case against him as a result of the recent spate of revelations about his activities as a Georgia banker.

Carter tax reforms for Congress soon

WASHINGTON, Sept. 20. FAR reaching proposals to reform the U.S. tax code which President Carter has promised could be sent to Congress by October 3.

Senators' threat on gas price controls

By Stewart Fleming

NEW YORK, Sept. 20. LEADING U.S. senators in gas-producing states have warned President Carter that the Senate might vote to de-regulate natural gas prices. Proposals for the continued regulation of natural gas prices have been among the most contentious in the President's energy package.

There has been intense pressure however to remove price controls on the grounds that the price is artificially low, and a higher price would draw out new supplies. The Administration narrowly won a vote in the House of Representatives on the issue.

UN starts new session

UNITED NATIONS, Sept. 20. ONLY HOURS after ending its 1976 business by admitting a failure in the economic area, the UN General Assembly headed into the first meeting of its 1977 session today faced by problems that Secretary-General Kurt Waldheim described as among the "most complex and difficult" in its history.

Decisive Koch win in NY mayoralty primary

BY OUR OWN CORRESPONDENT

REPRESENTATIVE Edward Koch, a 52-year-old Jewish lawyer who was given virtually no chance of success three months ago, yesterday emerged as the man most likely to be the next Mayor of New York City.

Mr. Koch carried the Democratic Party's primary run-off by a decisive 10 per cent margin over his rival Mr. Mario Cuomo a Roman Catholic father of five children. In a 40 per cent turnout of registered Democrats, Mr. Koch polled 55 per cent of the vote to seize the party's nomination for the November election when his Republican opponent will be

stage. Altogether Mr. Koch has seen off six other challengers for the Mayoral nomination and breathed his way to the top from the very rear of the field. But this has clearly been a year for political longshots for in a separate run-off, New York's City Council President, Mr. Paul O'Dwyer, a 70-year-old veteran of Democratic politics, was ousted by a little-known State Senator who is both young and a woman.

NEW YORK, Sept. 20. The city has an uneasy record of increasing unemployment, exodus of middle-class residents and businesses. Mr. Koch has declared redundancies among city employees, put at more than 30,000 so far, would continue so far, would continue so far, would continue so far.

Favourite for City Hall

BY JOHN WYLES

NEW YORK, Sept. 20.

JUST AFTER 10 p.m. last night, with his victory celebrations swinging to the traditional strains of Happy Days Are Here Again, Mr. Edward Koch slipped out of the ballroom of the New York Hilton Hotel to take a phone call from Washington.

Mr. Koch has promised New York four years of austerity in order to get the largest U.S. city back on the road to fiscal solvency.



Mr. Edward Koch

During the next seven years, he developed a law practice and became involved in local community issues. He was elected to the City Council in 1968 and, in 1969, became the first Democrat to represent the "silk stocking" district in the House.

Legal snag may delay note offer

By Stewart Fleming

NEW YORK, Sept. 20. NEW YORK CITY's plan to issue its first public debt since since fears of banking drove the city out of the market in 1975 have hit a snag.

City spokesmen have stressed that legal opinions suggested that special provisions in the proposed act to reserve specific revenues to pay the interest on the notes might be challenged successfully in court.

It is argued that in absence of State legislation support the issue terms, provisions could not be fit into the prospectus. While such protection for bondholders is highly desirable, it is highly unlikely that a public issue could be floated in view of precarious financial straits of the city.



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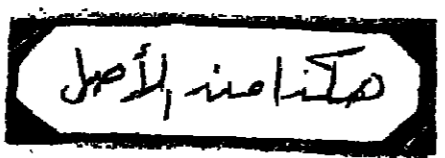
When Henry Ford decided to build his new engine plant in Wales, the news gladdened more than a few Welsh hearts. And when Welsh hearts are gladdened there's always a friendly welcome waiting. It's a welcome that is very evident in labour relations. And Wales has an extremely good record in that respect. Something which hasn't gone unnoticed by Ford in Wales. Nor has the fact that Bridgend, the new plant's site, is well served by road, rail, sea and air links to all parts of Europe.

The availability of a suitable site from the Welsh Development Agency was, we're happy to say, another major factor in Ford's decision to select Wales. The plant will be operational in 1980 and will employ around two thousand five hundred people. If you think that what convinced Henry Ford about Wales could convince you, call the Welsh Development Agency on the number below.



Welsh Development Agency

Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Tel: Treforest (044385) 2666. Telex: 497516.



OVERSEAS NEWS

Court challenges military rulers over Bhutto arrest

IMON HENDERSON

challenge to the martial law... The seven-man Supreme Court bench fixed the hearing initially for Saturday, but Mr. Bhutto is due to appear in another case in Lahore on that day.

RAWALPINDI, Sept. 20.

were named to fill the positions of those in the committee who have been detained. Any leadership struggle within the party seems to have been settled with Mrs. Bhutto now acting chair-

Somalis 'ready for talks on cease-fire'

ROME, Sept. 20.

SOMALI guerrillas fighting Ethiopian troops for control of the Ogaden region are ready for immediate cease-fire talks to stop the war in the Horn of Africa.

Somalia denies Ethiopian charges that it has put regular troops into the battle for the Ogaden. But it makes no secret of its sympathy for the Western Somalia Liberation Front (WSLF) of tribesmen who are ethnically Somali.

FOREIGNERS IN KENYA

Indispensability in question

BY JOHN WORRALL IN NAIROBI

"DOES KENYA need over the board: Britons (the expatriates), a Kenya newspaper majority, Americans, Canadians, asked. "Who needs expatriates," Germans, Israelis, Scandinavians, was the cover story of a respected Italian, Greeks, Yugoslavs, political weekly journal.

The headlines reflect a growing controversy about Kenya's expanding army of expatriates, from judges to zoologists, professors to printers. Do they help where it generates most heat in the wheels go round in this prosperous and sophisticated African State? Are they keeping deserving Africans out of jobs? Is their presence a sign of aggressive neo-colonialism? Are the multi-national corporations taking over? Do Kenyans really control the means of production and distribution?

It is 14 years since Kenya became independent and 40,000 whites including their families are still in the country. Some are full citizens, who may work anywhere, do anything. Most, however, are expatriate workers, holding work permits.

Their nationalities stretch over the board: Britons (the expatriates), a Kenya newspaper majority, Americans, Canadians, Germans, Israelis, Scandinavians, Yugoslavs, Greeks, Yugoslavs, political weekly journal.

3,000 are in the manufacturing industry. The others have assorted jobs in Government, foreign aid projects, municipalities, hospitals or are self-employed. Most of the 1,000 doctors in practice are expatriates; many Africans qualified overseas do not come home.

The Government is evidently not worried, because Kenya's development strategies are becoming increasingly locked into an expanding capitalist society, in which both foreign private capital and foreign aid play a very large part.

If the economy is to continue to expand it should go on recruiting transfers of technology, with expatriate skills being increasingly in demand. Observers point to a similar situation in socialist Tanzania, Angola and Mozambique, where there are plenty of expatriate advisers and experts, for exactly the same reasons as capitalist Kenya employs them, because of the lack of local manpower with appropriate skills.

Pakistan output still stagnant

ALVID HOUSEGO

PAKISTAN'S political output is still having little hope of any activity in the future and announced modest relief.

Earlier this summer without making new commitments in the hope that the political situation would become clearer.

Among the measures Mr. Khan announced was a reduction in lending rates for fixed investment to 12 1/2 per cent, to encourage a flow of private sector funds into industry. Export finance and credit guarantee schemes have also been liberalised.

In his broadcast, Mr. Khan said that last year's development programme of \$1.7bn. had been financed to the extent of 52 per cent through foreign assistance, 15 per cent by domestic savings and 33 per cent through inflationary financing.

Latest reports from East Africa suggest that the Front new controls the Ogaden, with a Somali armoured vanguard halted below the Marda pass which leads out of the Ogaden into the Ethiopian mountain heartland beyond.

He said that the Front invited what he called the democratic forces of Ethiopia to discuss a solution, to avoid direct confrontation between Ethiopia and Somalia.

David Bell adds from Washington: The U.S. State Department has insisted vehemently that it never encouraged Somalia to support the guerrillas now fighting Ethiopian forces in the Ogaden.

Zambia curfew ends

BY OUR OWN CORRESPONDENT

LUSAKA, Sept. 20.

PRESIDENT Kenneth Kaunda today ordered an end to the curfew and blackout that have transfixed Lusaka and three other southern Zambian towns to murky ghost-towns for the past 17 days.

A government spokesman did not give reasons for the President's decision, which came as a surprise in view of the persistent speculation here that the curfew and blackout could have lasted for months.

Somewhat mystifyingly, the Government-owned Zambia Daily Mail said in its editorial that while the curfew and blackout had, indeed, been lifted, "the threat of war that does exist in conditions that necessitated their introduction have not yet been removed."

Uganda sects banned

BY JOHN WORRALL

NAIROBI, Sept. 20.

PRESIDENT Idi Amin of Uganda has banned 27 religious denominations and sects from operating in the country, including the Salvation Army and the Seventh Day Adventists.

Announcing this today, the Uganda Radio spokesman for the Ministry of Internal Affairs said the measures were not, according to the Daily Mail, been popular. But the newspaper commented, "For those of us to whom the threat of war had been nothing, more than an academic exercise, the curfew and blackout drummed home the real threat of war that does exist in conditions that necessitated their introduction have not yet been removed."

The 26 mostly missionary organisations also include the Bahaai faith, the Uganda Baptist Mission and a number of small African evangelical sects. The Anglican Church of Uganda, the Roman Catholic Church and the Islamic faith are unaffected.

Calls for Australia capital loss measures

By Kenneth Randall CANBERRA, Sept. 20.

THE continuing flight of capital from Australia is bringing increasing pressure on the Government to declare a public support policy for the Australian dollar.

In Parliament today, Mr. Malcolm Fraser, the Prime Minister, described as "an interesting suggestion" a proposal that the Government publish the names of companies and individuals "unaccountably withdrawing funds."

Mr. Fraser made no other response, however, to the suggestion, which was put by the Leader of the Opposition, Mr. Gough Whitlam.

The deputy Opposition leader, Mr. Tom Uney, claimed that merchant banks in Australia were daily receiving requests for funds from the Australian subsidiaries of "large foreign-based corporations."

The latest figures from the Reserve Bank, published last night, show a fall in official holdings of gold and foreign exchange of \$A101m in the week to last Wednesday. There was a fall of \$A107m in the previous week and a total fall during August of \$A235m.

France-Iran nuclear deal delayed

TEHERAN, Sept. 20.

FRESH financing problems have delayed the signature of an agreement between France and Iran for the building of two nuclear power stations worth about \$2,200m.

The agreement, and another accord on co-operation over peaceful uses of atomic energy, were ready to be signed last Sunday, but the ceremony was put off because of the delayed arrival of France's energy chief, M. Paul Mentre.

The sources said M. Mentre was apparently helping to iron out the problems, which were not specified. Neither the French embassy nor the Atomic Energy Organisation of Iran know when the documents would be signed.

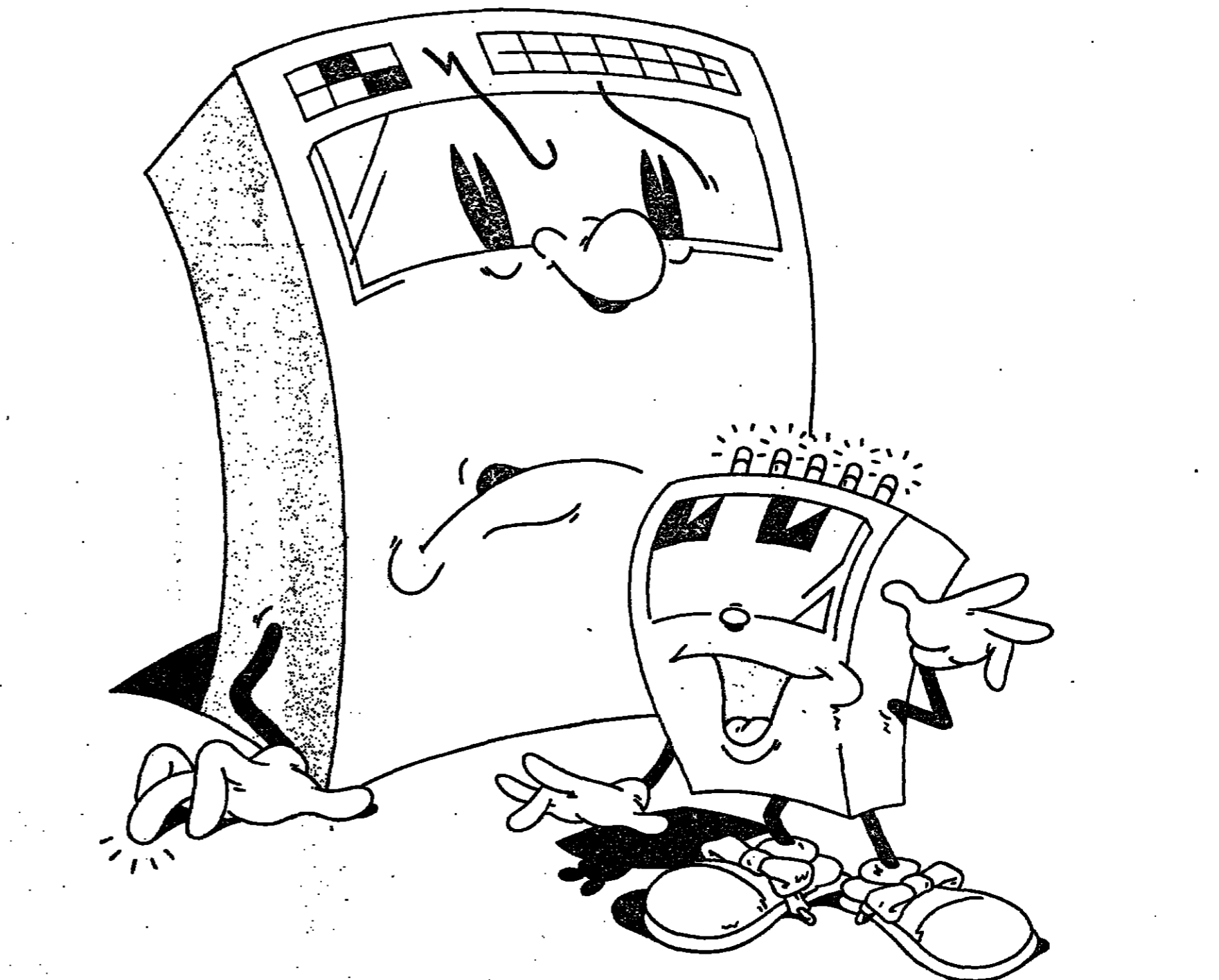
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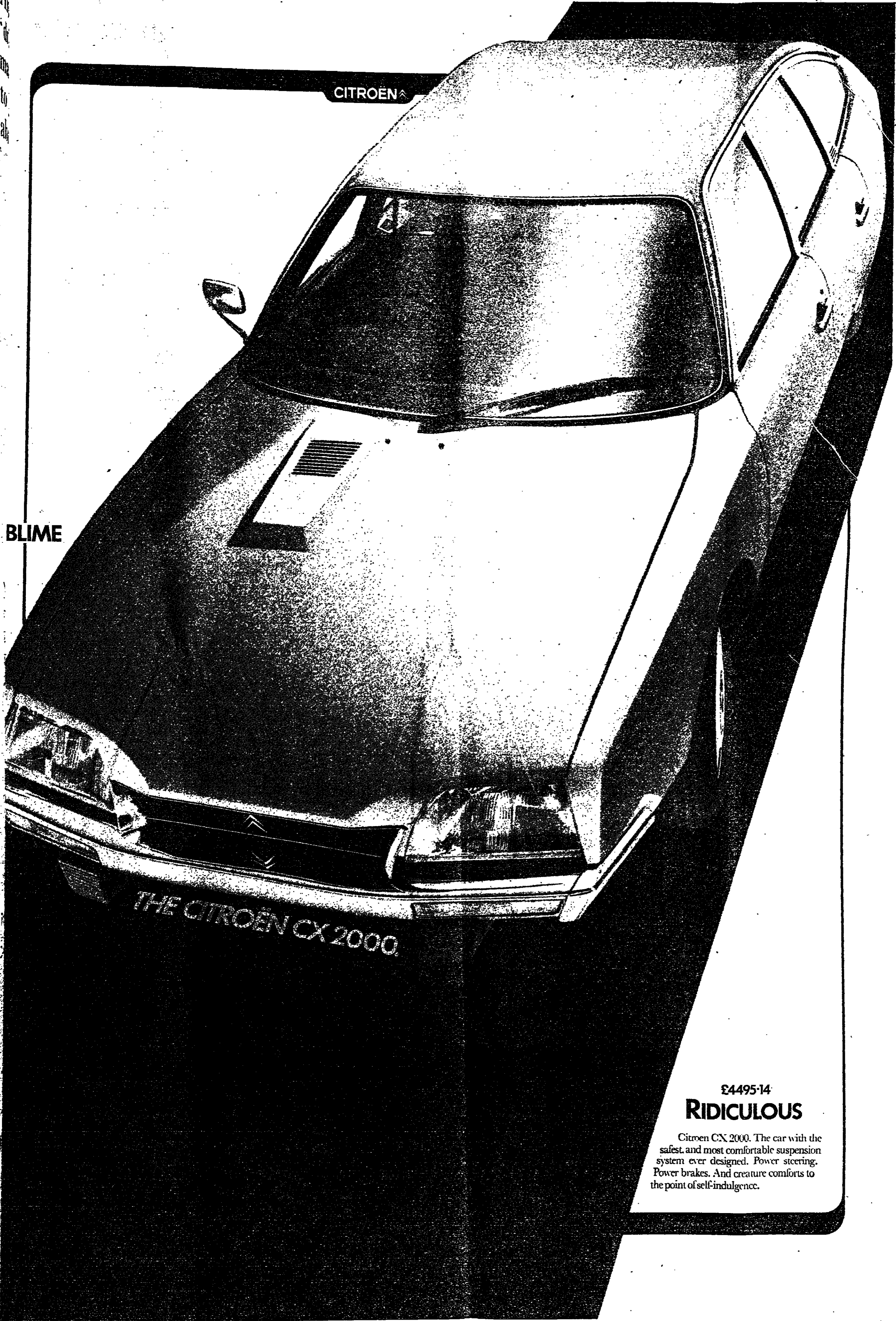
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HOME NEWS

North Sea output helps company profits recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BUILD-UP of North Sea oil output is helping to produce a sharp recovery in company profits, although this is being masked by variations in the inflation adjustment for increases in the value of stocks.

The disclosure was made yesterday by the Central Statistical Office in figures for Gross Domestic Product in the second quarter which confirm that there was a fall in the level of economic activity during the first half of the year.

Datsun dealers seek end to import curbs

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

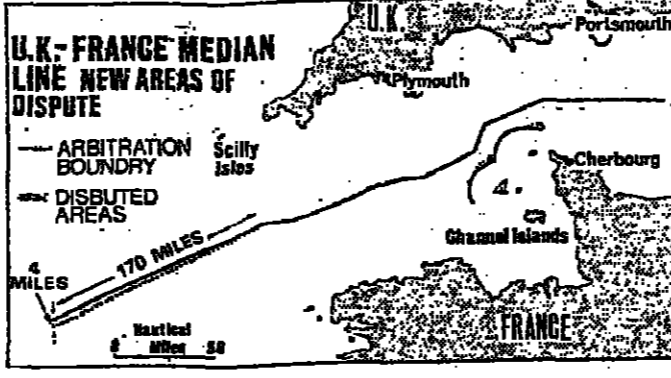
DATSUN DEALERS, who resent the voluntary restrictions on the operation of Japanese car sales in Britain, yesterday formed an action committee dedicated to re-establishing normal marketing arrangements.

Formation of the committee follows a period of almost two years in which imports of Japanese cars have been restricted to about 8.5 per cent of the UK market.

U.K. challenges sea border with France

By RAY DAFTER.

THE GOVERNMENT is challenging the route of the U.K.-France offshore boundary line, claiming that it has robbed Britain of more than 300 square miles of possibly oil-bearing territory.



Foreign and Commonwealth Office officials have asked for an urgent meeting with the French Government to try to resolve the dispute.

The Foreign Office says that at the most westerly point the median line is about four miles too far north.

Unionists angered by SDLP statement

By Giles Merritt in Dublin

A POLICY statement issued yesterday by Ulster's mainly Roman Catholic Social Democratic and Labour Party has provoked angry Unionist reactions in the province.

Although the statement is not as strongly worded as had been expected—it calls for an 'agreed Ireland' rather than a 'united Ireland'—it has produced a spate of loyalist criticisms.

The official Unionist Party has said that the move precludes any possible power-sharing arrangement.

Government will use sanctions after 23% rise

By OUR BELFAST CORRESPONDENT

THE GOVERNMENT confirmed last night that it would impose sanctions, regardless of possible loss of jobs, on Belfast's biggest engineering company because of a 23 per cent pay award to its workers.

Mr. Don Connanon, Minister of State for the Northern Ireland Office, said he would announce the decision to consider changing the settlement with its 4,000 employees and bring it within pay policy guidelines.

Unless it did so its applications for export credit guarantees would be refused.

Mr. Connanon said that he understood that this might involve some hundreds of workers being laid off. But the Government had to take account of the overriding national policy which was vital to Northern Ireland as to the rest of the U.K.

Shore firm on need to cut home rate

By MICHAEL CASSELL, BUILDING CORRESPONDENT

THE BUILDING societies yesterday received the clearest indication yet that the Government expects a cut in the mortgage rate on Friday.

Mr. Peter Shore, Environment Secretary, said in Yorkshire last night that he believed there was now sufficient room for the societies to reduce the mortgage rate for the third time this year.

Since the mortgage rate had been cut to 10.5 per cent in July, the minimum lending rate had fallen by 2 per cent to 6 per cent. Another reduction could be contemplated without any threat to the flow of money into societies.

A good supply of cheaper mortgage money is bound to be good for house building and another reduction in the cost of home loans would boost confidence in the house building industry.

When building society leaders today see representatives of the Department of the Environment and the Treasury at one of their regular meetings the question of interest rates is likely to rank high on the agenda.

Mr. Shore's comments make it perfectly clear what is expected of the societies, and the message is likely to be repeated during to-day's discussions.

Marathon's £28m. oil-drill rigs loan 'complete soon'

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE £48m. (£28m.) LOAN covering two oil-drilling rigs being built by Marathon at Clydebank is expected by Manufacturers Hanover Trust, a U.S. bank, to be completed within two weeks.

The bank, which set up a Scottish office in Edinburgh a year ago, was called in by the British National Oil Corporation acting as agent for the Government in order to finance the first of the two rigs from Marathon to save the yard from closure.

The move paid off last month when Petro Drilling said it would buy the rig and was placing an order for a second of the same type.

Work is advanced on the first structure, and steel is being laid for the second. But Marathon will need further orders before spring if continuity of work is to be maintained.

It was willing to bear the whole of the loan itself. Any of the three Scottish clearing banks would probably have offered some of the loan by syndication.

Preliminary agreement for the contract had to be given within a week because of a time limit set by Marathon for order of the second rig. If this deadline had been passed the second structure would have cost £1m. more.

The deal has several unusual features. The loan, which was in all the risk is being borne by dollars at the insistence of the Manufacturers Hanover.

The company, which employs nearly 1,000 staff in Perth, has bought a 62-acre site at Pitheavlis, on the outskirts. Building is expected to begin in 1978.

General Accident goes ahead with new HQ

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE BOARD of General Accident, one of the largest composite insurance companies in the U.K., which reported pre-tax profits of £21m for the first half, has decided to go ahead with a plan to build a £10m headquarters in Perth.

The company, which employs nearly 1,000 staff in Perth, has bought a 62-acre site at Pitheavlis, on the outskirts. Building is expected to begin in 1978.

Farmworkers seek 50% wage rises

By OUR LABOUR STAFF

FARMERS' IN England and Wales are facing a 50 per cent claim for minimum wage rises from next January when farmworkers' annual pay deal becomes due.

The claim, which is aimed at achieving a £80 minimum wage a week compared with the present level of about £34 a week, was tabled yesterday by the 85,000-strong National Union of Agricultural and Allied Workers.

The employers are expected to answer the claim on October 27 at a meeting of the Agricultural Wages Board.

The union's special reasons for demanding the 50 per cent rise in wages are founded on long-standing efforts by the union to raise pay levels from the bottom of the list of workers in other industries. These hopes suffered a two-year setback with Phase 1 of the Government's pay restraint.

Mr. Roy Botting, general secretary, who is expected to be labourers.

Oil platform strike 'a threat to production'

By NICK GARNETT, LABOUR STAFF

OIL COMPANIES operating in the North Sea said yesterday that the strike by engineers on which the Shell-Breco platform was one of the most significant efforts to increase oil production.

The strike, on the Dunlin A platform north-east of the Shetlands, involves almost 120 men working on the completion of the platform's construction who seek a 50 per cent pay rise. The working in the late 1970s was hampered by OSEMA regulations which hindered labour relations.

Leyland union talks call

By ALAN PIKE, LABOUR CORRESPONDENT

Mr. Scanlon said his executive were "concerned and perturbed" at what they considered to be avoidable delays in discussions to prevent a further strike by the Leyland toolmakers, who are bargaining with the AEUW.

The unions should have resolved the problem at the beginning, he said, instead of "going into detail and then finding that matters of principle divide us."

He once again appealed to the toolmakers to recognise all the difficulties which face us and to understand that the only way we will resolve them is by remaining together and not by separate negotiations.

The AEUW was still determined that the issue of differential rates for all skilled workers engaged in toolmaking should be resolved in British Leyland's approach to the TGWU was one last attempt to reach agreement.

Scots pit men attack NUM plan

By Our Labour Correspondent

SCOTTISH MINERS' leaders yesterday attacked a proposal to reject the decision by National Union of Mine-workers negotiators to continue with talks on a productivity scheme in spite of decisions taken by the union's conference in July.

A delegate conference in Edinburgh carried a resolution describing the continuation of talks on incentives with the National Coal Board as "a grant rescue" of a conference against productivity schemes.

It urged the NUM executive to proceed instead with a pay claim for new rates of up to £135 a week for coalworkers.

Mr. Bill McLeod, NUM Scottish area secretary, said after the meeting that to continue talks on an incentive scheme was "a breach" of a conference resolution reaffirming an earlier national ballot vote against productivity incentives.

Aerospace staff feels 'left out'

By OUR LABOUR STAFF

THE BRITISH Aerospace staff association reacted bitterly yesterday to proposals giving TUC-affiliated trade unions increased participation within the industry.

The association said that a proposal that it is in danger of losing a precious opportunity of hearing from workers in the industry.

The association also said that participation talks failed to give any representation to non-union or staff association employees.

Main broadcasting unions agree on joint rule book

By OUR LABOUR STAFF

PROGRESS TOWARDS a marriage of the two main trade unions in the broadcasting and film industry has taken a significant step forward with preliminary agreement on a joint rule book.

The executives of the 18,500-strong Association of Cinematographers, Television and allied Technicians and the Association of Broadcasting Staffs, with 14,000 members mostly in the BBC, will now put a joint rule book proposal to joint rules adoption conference early in the New Year.

Negotiations on the rules have taken two years. An amalgamation has already been approved.

LABOUR NEWS

Bread to cost 1/2p more from Monday

By ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BREAD BACK in production at the big plant bakers yesterday for the first time in ten days, it is to become 1/2p a loaf dearer on Monday.

Associated British Food, the largest of the three big groups which sell bread, yesterday said it intended to implement the price increase cleared by the Price Commission in July.

The bakers' dispute was partly responsible for the timing as it meant that the company needed to recover lost revenue urgently, Associated said.

Both Splillers-French and Banks-Hovis-McDougal were also given the Commission's go-ahead for an increase in the summer, but were prevented from implementing it by Associated's decision to keep its prices steady.

New it seems likely that both these bakers will raise their prices on Monday, too.

Bakers' leader planning shake-up

By PAULINE CLARK, LABOUR STAFF

AS MASS-PRODUCED bread started to appear on supermarket shelves again yesterday, leaders of the national strike by bakers were getting down to more to furthering their master plan for a shake-up in the baking industry.

After the settlement of the Bank Holiday pay dispute, Mr. Sam Maddox, who has been general secretary of the 37,000-strong Bakers' Union since 1975, yesterday repeated his determination to rid the industry of the Victorian attitudes which he claims are still prevalent not only among bakery employers, but among the work force too.

The 45-year-old rejuvenator of the traditionally conservative union said: "I'm still young with plenty of fight left in me. I want to shake up the whole bread industry in the same way as I have been shaking up the union."

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FINANCIAL TIMES SURVEY

Wednesday September 21 1977

مكثان الأصيل

U.S. Commodity Markets

Trading in commodity futures in the U.S. has developed into a very large industry in recent years and now has an annual turnover of hundreds of billions of dollars, representing the movement of millions of tons of produce and materials.

A very big business

By John Edwards, Commodities Editor

Incredible sight to see S. commodity futures in action. Complete bed- years to reign, with the brokers shouting, pushing in their frantic buy or sell. The story in one particularly session in the Chicago is, one trader had a fatal lack but no one noticed was the crash until the session had ended. This in an apocryphal story, but it illustrates the kind of frenzied conditions that a "normal" day's trad-

chases and sales cancelling each other before the supposed delivery date, the fact remains that commodity futures markets in the U.S. have become very big business indeed. Futures trading is no longer the prerogative of those "in the trade" or professional speculators. It has spread far and wide as an alternative form of investment. This is particularly the case in recent years with investors who, disillusioned by the performance of the stock markets and having seen the value of their earnings or savings ravaged by inflation or currency devaluations, have been attracted towards raw materials, which retain their intrinsic value whatever may happen to "paper" money.

Choice

They are offered plenty of choice. The U.S. Futures Industry Association lists over 70 separate markets at ten different exchanges. These range from the traditional "giants" like soybeans, corn and wheat, to big markets for live cattle, live hogs, pork bellies, sugar, silver, copper, cotton, cocoa, Maine potatoes and a whole host of others, including orange juice futures, ice cream, plywood, eggs and propane gas. There are five gold futures contracts, and of growing importance is a new breed of "financial" instruments covering currencies, "Ginny Mae" mortgages,

interest rates, U.S. Treasury Bills, and long-term Treasury Bonds, with a new futures contract for 90-day commercial paper loans coming shortly. In a way the development of the highly complicated "financial" futures contracts, compared with the traditional agricultural markets, reflects the growing sophistication of the futures trading industry encouraged by the huge inflow of funds from "outside" sources. Many companies believe that the growth in the industry will mainly appear in the long-term from the new financial markets which have got off to a very good start so far. They are attracting increasing support month by month, while turnover in the traditional commodity futures markets is tending to wax and wane according to supply and demand. The trend will be for the commodities tag to be dropped when describing the futures trading industry—already a rather more accurate description.

The new complex formed the World Trade Center building in New York, bringing together often from financial institutions

exchanges onto one big trading floor, is far removed from the somewhat shabby former quarters tucked away in various different buildings. In Chicago too—the main centre for U.S. commodity

It is aimed at regulating the markets in a proper manner before things can get out of control in what had suddenly become an enormous industry. So far the five CFTC commissioners have not been very popular with the futures markets. Many traders fear that they could be regulated out of business. Certainly the commissioners, while learning how the markets operate—and building up a large bureaucratic staff to monitor information and regulations—have ruffled many feathers. But it is also recognised that if the industry is to prosper in the longer term and shake off the image created by the Bunker Hunt family operations and the Maine potato market row last year, it will have to learn to live with more Government control and political interference. After all, this

only reflects the general trend in world commodity markets, with Governments becoming increasingly concerned about supplies and prices of vital raw materials. Although stricter regulations may discourage some business in the short term, greater respectability could be welcome in the years ahead. There are signs already that the commodity futures trading boom may be slackening; if only to consolidate the huge increase in volume in recent years. It can be expected, for example, there will be a downturn in activity in the grain markets—wheat, corn, soybeans and soybean meal and oil—which provide by far the biggest sector of futures industry trading. A massive surplus of supplies has driven prices to low levels, thereby discouraging speculation by reducing the chances of making large profits. At the same time, the introduction of much higher loan rates for grain producers means that the incentive to hedge against falling prices is greatly lessened so trade business is likely to decline at least until the inevitable shortage of supply develops again. Moves to disallow commodity trading "losses" for tax purposes, to offset against profit gains, may also bring a reduction in turnover notably silver, where tax-straddle business has provided a big proportion of the trading activity. However, much of this potentially lost turnover may be more than made up by the new business generated by the

Volume Such is the volume of business available domestically, particularly in Chicago, that the outside world is often ignored in the headlong pursuit of profits. Nevertheless the U.S. grain, and other, futures markets, do have a considerable influence on world price movements and U.S. commodity traders are being made increasingly aware of the growing international interest in raw materials, sharpened by the example of OPEC. So far overseas participation in the U.S. futures markets has represented only a relatively small percentage of the total turnover, partly through ignorance of the opportunities available. However, with improved communications, the growth of multinational companies dealing and trading in commodities, and the move towards international commodity agreements as part of a new economic order, it can be expected that more international interest will be shown in the U.S. markets in the years ahead.

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CFTC leader under heavy fire

MR. WILLIAM H. BAGLEY is probably the most unpopular man in the U.S. Commodity Futures Industry. He is chairman of the newly established Commodity Futures Trading Commission (CFTC), which in the space of two years or so has attracted the antipathy of many of the free-enterprise-minded commodity dealers, unused and hostile to the principle and practice of Government inspired, controls and regulations. Mr. Bagley is branded as an opportunist politician, eager only to build up his power by creating an ever increasing bureaucracy whose clammy hands will eventually strangle the lifeblood out of the industry.

It is claimed that the Commission, under Mr. Bagley's direction, has already driven commodity futures business overseas, has failed to deal properly with the Maine potatoes "scandal" last year and is likely to come off worst in its battle with the Bunker Hunt family over alleged excessive holdings in the soybeans markets. The shifts and changes in the Commission's attempts to deal with commodity options are also cited as an example of the CFTC's ineptitude and inexperience of the "real" world of futures trading. Charges of unwarranted interference in the markets by the Commission have led to a general clamour for Mr. Bagley's departure, and there are strong rumours of his imminent retirement, which may or may not be wishful thinking.

Interviewed in the CFTC Washington headquarters, Mr. Bagley was cheerfully unabashed by the torrent of criticism which has poured down on him. A true politician to his fingertips—not reluctant to admit he would prefer to return to California when the opportunity arises—Mr. Bagley sees the CFTC role in much broader terms.

He claims that the Commodity Commission has made "amazing progress," achieving in two years what the Securities Exchange Commission took 20 years to do for the stock markets. So far, he adds, the CFTC had managed to drag the futures industry from the 1890s-1920s mentality into the second half of the century, but there is still some way to go before they reached the 1970s outlook.

Market "floor" traders have an inordinate "voice," he claimed. They don't recognise the markets are public institutions. The industry had not in the past had so deal with the Government, and naturally resents a regulatory umbrella organisation like the CFTC. But the industry didn't even have its own proper national trade association to represent its views to Government and organise the proper input of information; a role the Commission could play, since the industry, without the power of votes behind it, had little political clout in the Congressional jungle of Washington.

There were many undesirable features which still needed to be cleared up to provide the customer with the protection against fraud and other illegal practices envisaged under the Act approved by Congress in 1974 which established the Commission.

Apart from setting up information sources to find out what was happening on a regular basis, Mr. Bagley felt the CFTC should look at the whole question of how hedging is defined, the role of speculation and such developments as "managed accounts" where unscrupulous companies could switch profits around just to keep the accounts going and commissions coming in.

They would also possibly be able to help the industry in its battle with the Government over "tax" straddles in providing impartial evidence that there was an element of risk in these kind of transactions and, therefore, were properly allowable for tax concessions.

On a wider scale, Mr. Bagley said there was concern at the possible manipulation of market prices either by foreign governments or by private speculators. The Bunker Hunt family case in soybeans earlier this year was an example of the Commission's function in this area, he claimed. They were also investigating possible distortions of the coffee market in New York as a result of "support" buying on a large scale by producer interests. The desirability or otherwise of limits restricting the daily price movements—which has shifted business from the U.S. markets was also being researched, Mr. Bagley said there had been no change of attitude to the CFTC by the Carter Administration, even though it had been set up by the Republicans.

If anything it was receiving more White House interest in view of the greater attention being paid to the moves for international commodity agreements as part of global and domestic economic policies.

He did not support the rumours that the CFTC might be merged with other regulatory financial authorities, like the

SEC, to avoid overlapping and expensive rivalry between bureaucratic agencies. Agricultural committees in Congress would fight to keep some jurisdiction under their control. On his own position, Mr. Bagley said, he did not expect a five-year stay; he might remain for longer, possibly longer, originally only a small part of the Commission's brief as outlined by Congress, but had subsequently taken up an inordinate amount of their resources. Whether Mr. Bagley goes or stays, it is obvious that the CFTC will have an increasingly important role to play in regulating the U.S. futures markets.

It was set up partly in response to public fears of raw material prices being unduly artificially inflated by speculators at a time when the Government was fighting to keep down the prices. But also taken into account was the huge growth of interest in futures trading that surprised many of the regulators. The attention of the regulators seeking a "fast track" or "fast lane" for re-introducing commodity trading on the illegally acquired funds to be turned into "respectable" investments, either domestically or abroad, through the commodity markets. With knowledge of the commodity markets still fairly limited, the opportunities for defrauding a gullible public are considerable. This was almost acceptable while trading was confined to a specialist minority but became a major problem when the industry greatly increased its attraction and when the rise in raw material prices started hurting the voting public.

Under the 1974 Act, the CFTC has been given wide-ranging powers to carry out its main brief—in its own words—"to protect the pricing and hedging (risk shifting) functions of the commodity futures markets". It has three main divisions: research and education, training and markets, and enforcement. The staff has grown from 28 in 1975 to an estimated 493 this year. But a major setback recently was the refusal of Congress to increase the Budget allocated from \$11,483,000 spent in 1976 to an estimated \$11,615,000 this year.

Mr. Bagley claimed that the extra money was needed for more staff required to deal with the control of commodity option year stay; he might remain for longer, possibly longer, originally only a small part of the Commission's brief as outlined by Congress, but had subsequently taken up an inordinate amount of their resources. Whether Mr. Bagley goes or stays, it is obvious that the CFTC will have an increasingly important role to play in regulating the U.S. futures markets.

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to regulations imposed by foreign authority. This program has now been dropped, but options appears to remain the requirement of a segregation of funds, not by dealers, for overseas.

Domestically too the CFTC fighting a running battle with existing commodity option companies with protracted action in some cases, alleged "hucksters". But revised proposals for the option programme, which received a lukewarm response since they contain regulations and restrictions which are thought to be able or, alternatively, in

Nevertheless it seems ally certain that the commodity futures exchange Chicago and New York eventually launch option contracts, allocated to the CFTC, for international traded commodities—silver, gold, coffee and amongst others. Options in the previously "domestic" agricultural will not be introduced, since it would special legislation in order to permit it.

The success or other the option pilot, despite the long delay introduction, could be in the industry's attitude to the CFTC. If, like the haphazard attitude in production of new commodities in the markets on able scale, criticism of stricter regulations is likely to be imposed years ahead, could it

But the kind of changes envisaged by it in the conduct and open the futures markets is still to swallow for traders, free wheeling and

exchanges represent hope is that in the they will tend to merge powerful unit, with able resources for expansion.

There is a strange if commodities traded, 23,500 square foot trade split up so that each occupies roughly 25 Dealers who are several, or all four can theoretically be trading in gold and Maine potatoes, frozen boneless beef, juice futures, as well-established cotton and (three horse) markets. On the way fill up with prompt stop at the petroleum (to be relaunched) pay in U.S. silver platinum and palladium.

Members of the discoloured badges show they are entitled to it. It is likely to be an interchange of ideas and action in one quarter especially on dealing with sub-memberships to projects of common interest. It changes so as not to be secret that despite the independence of each of the four liquidity of all the

THE ABC'S OF COMMODITIES

PART 1 of a series published as a public service by the New York Mercantile Exchange.

To the uninitiated, commodity futures can be bewildering, yet tantalizing. We've all heard stories about the friend of a friend who made a "killing" in futures. Or who lost a fortune. Or who forgot to sell and suddenly found himself the exasperated owner of a carload of something he didn't really want.

The fiction is stranger than the truth. In fact, there are thousands of daily traders—and their numbers are mushrooming—seeking speculative profits and assuming the risks associated with the wide and rapid movement of commodity prices.

This primer is not meant for those traders. Rather, it is for the investor who wants to understand the "whats" and "whys" and "hows" of commodity futures.

Let's start with some definitions.

WHAT IS A COMMODITY?
A commodity is a product...sometimes a natural or agricultural product such as Maine potatoes, and sometimes manufactured, such as a one kilo bar of gold. But the product should have certain special characteristics. The product must be easily divisible into standard units. And any one standard unit should be virtually identical to any other standard unit. Of little or no importance to buyers are the origin or brand identification of the product. However there should be a broad spectrum of both suppliers and users of the product.

WHAT IS A COMMODITY FUTURES CONTRACT?
The commodity futures contract is a standard agreement to buy and receive—or to sell and deliver—a stated quantity of a commodity, at a definite future date, at a specified price. The contract is designed by an organized commodity exchange in accordance with its

rules and clearly specifies the terms of the agreement.

WHAT IS A COMMODITY EXCHANGE?
The exchange is a financial institution federally licensed by The Commodity Futures Trading Commission to provide an open, fair and orderly marketplace where commodity futures contracts are traded daily. Trading is conducted on the trading floor around rings or pits by "open outcry." Brokers and their clerks on the floor of an exchange receive orders via phone or teletype either directly from customers or indirectly via brokerage firms who are exchange members. Prices generated by brokers executing these orders on exchanges are instantaneously disseminated worldwide by the media.

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Chicago still leads the way

At the beginning there was the Chicago Board of Trade, the oldest and most important commodity futures market of the world. Last year the Board alone accounted for 50 per cent of the futures trading volume, in equalling a staggering \$820bn.

the grand-daddy of all futures markets, founded in 1832 by Chicago businessmen. A visitor to Chicago with the greatest interest in commodities, a visit to the Board of Trade at the La Salle Jackson is a must. One of the most astonishing sights in the world as the pits are filled with traders, each the other in the pits. But although the hubbub is a noisy one, it is an efficient mechanism that the world prices for corn (maize) and soyabean and oil, as well as in a range of other

commodities. The Board has commissioned a firm of computer experts to study the market to see if it could be modernised. After an initial study, it is claimed, the experts said there was nothing they could match the apparently haphazard, established over the past 145 years.

But the Board of Trade is not old-fashioned views on modern communication technology in order to trading in the pits and world know its price in an instant. But the trading floor is still run by practices established over the years. The hand signals used by buyers and sellers; the shouting in the pits where in the centre almost from view and where traders are worn not so much in identification as to the market; the four hours until 1.30 when the market closes and the traders rush off to work or rush off to the Trader to slake their thirst.

ance The Board of Trade was built for the grain trade, price insurance in the futures hedging, and forms the bulk of the interest. The physical side of the Board of Trade has declined over the years, but the futures markets have boomed. Speculators are largely responsible for the trading, but there is

the futures markets do a genuine service to the grain trade in setting prices to regulate supply and demand, as well as providing hedging facilities. In the most remote parts of the U.S. do take a close look at what is going on in the particularly when their planting intentions are more than in the past. Farmers tend to be more active in the commodity futures market in the past price of the world. Since then it has scored a domestic U.S. agricultural triumph with the first



The main trading floor at the Chicago Board of Trade

commodities provide the backbone of the Board of Trade, with the soyabean, oil and meal pits being by far the largest markets. Thus encouraging a typical mid-West American parochial view among traders, who are unaware, or disinterested, in international developments unless they are crop disasters.

But in recent years the Board of Trade has diversified with some success into other areas, notably silver where its market is challenging the New York for world supremacy. It has also launched the so-called "financial instrument" markets. The Ginnie Mae (mortgage interest rates) contract has proved to be a tremendous attraction, clocking up regular increases in turnover activity and encouraging the Board of Trade to expand its trading area to include new markets for and commercial paper long futures.

While the Board of Trade is still acknowledged as the biggest trading centre, there is no doubt its competitiveness has been stimulated by the activities of its closest (in geographical and volume terms) rival, the Chicago Mercantile Exchange.

The Chicago Mercantile also has a long tradition, with a grain trade in setting prices to regulate supply and demand, as well as providing hedging facilities. In the most remote parts of the U.S. do take a close look at what is going on in the particularly when their planting intentions are more than in the past. Farmers tend to be more active in the commodity futures market in the past price of the world. Since then it has scored a domestic U.S. agricultural triumph with the first

successful futures contract for live cattle in 1964 followed by live hogs in 1966. These remain big volume markets. But the Mercantile has continued to show considerable enterprise taking in the Associate Mercantile Market containing several domestic agricultural futures contracts and, more important, the International Monetary Market incorporating a whole series of metal and monetary markets.

Much against expectations the Mercantile gold futures market established itself as the most active of the many formed, and it has also achieved considerable success with its new Treasury Bill futures contract. During the first half of 1977 the Mercantile traded a record volume of 3,910,327 contracts.

The success of individual Mercantile markets varies considerably according to developments affecting the many contracts traded ranging from frozen turkeys and a host of farm products, to the financial markets including a range of the leading currencies, which provide an alternative to the foreign exchange markets. But

the launching of new markets, and the lively innovative approach adopted by the Mercantile means that it is no longer simply a shadow of the Board of Trade so much so that ambitious plans for a \$6m. expansion of the already well equipped and modern trading floor is being planned for completion next year.

Also emerging from the shadows is another little heard of Chicago futures trading centre, the MidAmerica Commodity Exchange. Its attraction is offering "mini contracts in big markets." The lots traded are much smaller than the same commodities traded on the Board of Trade and the Mercantile, thus offering greater opportunities for hedging for the small farmers and less adventurous speculators.

It claims to be currently the fastest growing commodity exchange, and is more than tolerated by its bigger brothers since it provides a very useful training ground for traders, and speculators, moving on to higher things.

J.E.

New York

CONTINUED FROM PREVIOUS PAGE

the benefit of both trade and to upset their existing users and customers. The stage is set for expansion, and the sharing of common facilities such as a joint clearing house association that could bring big cost savings in the future. But for some members it is enough for now to have achieved the major step of moving into the bright new complex that has transformed the image and trading potential of the New York commodity exchanges.

The traders themselves have not changed, and members of the different exchanges have varied experience and expertise. It is, for example, difficult for someone used to trading domestic-orientated markets, like Maine potatoes, cotton and orange juice futures, to switch happily to international markets like copper and silver, even though the bulk of business does come from domestic sources. Some of the markets are widely used by the trade, while others are much more speculatively dominated, and this is reflected in the differing attitudes of the exchanges. The past image of some of the exchanges at least has been none too good, with allegations of lack of properly enforced regulations, and the Maine potato market "scandal" last year involving huge sums of money threatened the industry's credibility. It is hoped that one effect of the merger into one new complex will be to restore the reputation of the exchanges overall by bringing in more effective policing of market activities and rules. Once a sound base is established the CEC can then go on to challenge the Chicago exchanges, using to best advantage the mixture of international and domestic trading experience provided by the four exchanges.

Hedging As one dealer commented: "New York is the financial centre of the United States, if not the world. So the financial futures hedging markets should be here; not in Chicago. We will have to do something about this."

Apart from commodity options, however, it seems difficult to visualise the CEC expanding too fast at this early stage. It is still in the throes of settling into the new complex, which provides a welcome contrast to the former individual premises, with more attractive surroundings and more sophisticated price indicators and communications network. But traditions die hard, and some of the exchanges are far from eager to be rushed ahead too fast if this is going

J.E.

Who needs futures trading?



Billy Sullivan does—even though he's only six weeks old. For the next seventy-odd years, the quality of Billy's life—how well he is nourished, where he lives, how much his goods and services cost—will be affected by how efficiently

agricultural and other industries do their job. Increasingly, a major factor in improving efficiency has been effective use of futures markets such as the Chicago Mercantile Exchange.

Futures markets act as shock absorbers to various segments of the world's economy. In the case of the Chicago Mercantile Exchange these segments include major staples of the American diet; beef, pork, turkeys, eggs and potatoes; the backbone of the housing industry, lumber; plus commodities of world commerce such as gold, U.S. Treasury bills and foreign currency.

Efficient use of futures markets enables industry to control costs of buying and selling, avoid price jolts, finance intelligently and plan ahead confidently. All of which results in pass-along benefits to consumers—providing more of the things America needs in food, housing, manufacturing and world trade.

For Billy Sullivan's sake, let's keep it that way.

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Frozen pork bellies	Gold	Japanese yen	Mexican pesos	Russet Burbank potatoes	Turkeys

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U.S. COMMODITY MARKETS IV

Interest rate futures boom

AN ARTICLE in the banking maturity of \$100,000. And in monthly published by the just a few days' time the Morgan Guaranty Trust Com- Chicago Board of Trade wheels pany recently described the its third investment vehicle Chicago market in "Ginnie into service—90-day prime com- Mae" futures as sprightly— mercial paper with a stated which may strike some readers value of \$1m.

Not that the Chicago Board American adjective to use in of Trade is having things all connection with a market where its own way. There is the inevit- trading volume in August was able competition just across the showing gains of no less than way in the shape of the Chicago 400 per cent on the same Mercantile Exchange whose in- ternational money market asso- ciate began to trade in three- month of 1976.

Admittedly the trading of in- terest rate futures is a brand new phenomenon. It owes its birth to the Chicago Board of Trade which started the ball rolling as recently as October 1975, so a relatively sharp one-year U.S. Treasury growth curve at such an early development stage is not alto- gether unexpected. Even so it has become clear to many seasoned observers that this latest addition to the growing list of futures markets in U.S. holds out a potentially promising future.

One of the reasons why the futures market in interest rates has taken off in quite the way that it has is because money is generally better understood than most commodity futures. Money (or interest rates) is followed by professionals and amateurs alike everywhere, whereas grain, hogsheads, tobacco and groundnuts, not to mention hard commodities like gold and silver, receive, if not a demand, more thinly spread specialist attention. Money, it seems, is a great leveller. In the past, about the only fundamental and direct reading of interest rate trends was the yield curve, essentially a chart which shows the current yields to maturity of a group of securities which are all equal as to a credit quality. But the advent of a futures market in interest rate is beginning to provide a second source of information enabling analysts to forecast the future of money costs. Generally speaking, the investing institutions in America put their money into interest rate futures either to hedge against unforeseen changes in the general trend of rates or to make money against the market—by betting that the current market trend of interest rates will prove wrong. Because of this, futures rates—and most major U.S. newspapers and

pushing up bond prices, making his actual purchase bonds that much higher. In the futures market he sells his previously purchased bond futures contract at the higher price. This our fund manager loses in the cash market, offset by his gains in the futures market. Understandably, it is just what many professional money managers now setting out to maintain American financial centres, the process is clearly attractive. Less attractive, however, is the chance that the markets offer for those interested in outright speculation for capital gain. The prospect is there, with the reward ratios evenly balanced.

The Chicago Board of Trade expected move into commodity trading will have interesting features. Commodity paper contracts will not only deliver of prime paper rated A-1 by Standard & Poor's Corporation and Moody's Investors Service.

Whereas in all other contracts traded on the change the long is the take delivery and the short deliverer of the commodity system is reversed with the commercial paper market. In other words short commits to deliver loan while the long comm pay in commercial paper.

Corporations which issue commercial paper to finance activities, as well as dealers and others involved in the short term credit market can use the futures market to hedge against increasing interest rates which in the increase the cost of money to the issuer. Conversely corporations or investors who will funds available at later date investment can use futures contracts to hedge against the interest rates.

Jeffrey Bro

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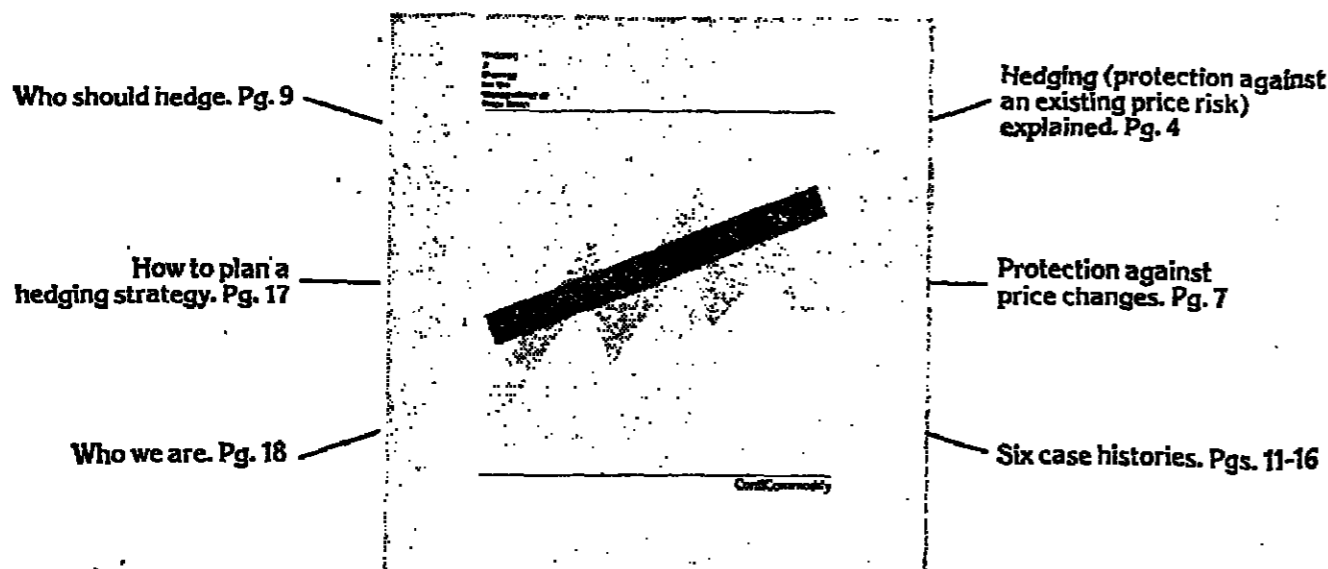
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SPECULATION IS not a dirty word in the U.S. commodity markets—instead it is positively welcomed as the only means of providing sufficient liquidity with which to operate an effective hedging medium required by the trade. The professional speculators who play such an important role in U.S. futures trading, it is argued, are in the price risk business, selling "insurance" to companies in need of protection against unpredictable price movements which could put them out of their proper business of manufacturing or processing.

The success or otherwise of a market is, therefore, whether it can attract sufficient speculative support both from the Exchange members and from outside to provide the kind of price insurance required by the trade concerned. In the long run, it is claimed, outside speculators put more money into the markets than they take out. The professionals inside the Exchange, while at times making huge sums, can equally also lose huge amounts and are constantly vulnerable. But to stay in business they must make sufficient return to justify their capital investment in the form of membership fees and the funds they invest in the market to ensure that it is able to operate effectively.

The U.S. exchanges are differently structured to the London commodity markets, which partly explains their attitude to speculation. In the U.S. membership of the Exchanges is largely made up of individuals, some employed directly by companies, such as the commodity commission houses; others working indirectly for outside companies by handling business on their behalf, and also a large body of private speculators, operating on their own account. They are thus two main sorts of "floor" brokers (something like jobbers) in the trading pits. One, known paradoxically as independent brokers, handle the business on behalf of one or several companies. The other, known as "locals" who often suffering big losses.

The huge surge of increased interest in commodity speculation in recent years has inevitably brought some changes. There is a distinct trend towards the big companies merging together to become even bigger, and at the other end of the scale increasing specialisation and sophisticated trading methods. The servicing of a myriad of small "bell hop" accounts is becoming more and more costly for commodity brokers, so like their stock market counterparts they are concentrating more on syndicates or big clients who demand more expertise.

The craze for charts, based on past price movements used to calculate future trends, has been supplemented by computer systems devised to provide a strict trading pattern which the speculator must follow. Many claim to be "fool proof" or guarantee a high rate of profits, but if anyone has yet found a fool-proof way of making money in the commodity markets he is keeping remarkably quiet about it.

The growth of national commodity insurance business has also created the discretion managed accounts, as syndicates putting several ulators together, and direction of a broker, or puter, whose principal a try to achieve a reb capital over and above could be obtained in o vestment areas.

NE

U.S. COMMODITY MARKETS V

مكزامن الأصيل

COMMODITY FUTURES CONTRACTS TRADED 1972 - 1976

Trade of the City of Chicago, Jackson Boulevard, Illinois 60604

Board of Trade of Kansas City, Missouri Inc., 4900 Main Street, Kansas City, Missouri 64112

Table with columns for Per Contract, 1976, 1975, 1974, 1973, 1972. Rows include Oil, Meal, ers, ber, heat, rrigages.

Table with columns for Wheat, Corn, Grain Sorghums, Minneapolis Grain Exchange, Oats, Pork Bellies, Fzn, Durum Wheat. Rows include various commodity contracts.

Merchandise, and International Monetary Market Division, Jackson Boulevard, Illinois

New York Cocoa Exchange, 127 John Street, New York, New York 10038

Table with columns for 30,000 lbs, 36,000 lbs, 22,500 doz, 12,500 lbs, 50,000 lbs, etc.

Table with columns for Cocoa Rubber, New York Coffee & Sugar Exchange Inc., Commodities Exchange Center Inc., World Trade Center, N.Y. 10048, Coffee "C", Sugar, Domes (110&7), etc.

Exchange Inc., Commodities Exchange Center Inc., World Trade Center N.Y. 10048

New York Mercantile Exchange, Commodities Exchange Center Inc., World Trade Center, N.Y. 10048

Table with columns for 25,000 lbs, 100 lb, 10 Basks, 22,000 lbs, 5,000 ozs.

Table with columns for Palladium, Platinum, Polywood, Potatoes, Maine, Potatoes, Russet, etc.

Commodity Exchange, Jackson Boulevard, Illinois 60604

Table with columns for Butter, Belgian France, Gold, British Pound, Deutschemark, etc.

Table with columns for 1,000 bu, 2,904, 418,715, 700,466, 145,647, 1,000 ozs, 447,513, 52, \$5,000 value.

Table with columns for Total all contracts, Change from previous year, Source: Futures Industry Association.

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Speculators

CONTINUED FROM PREVIOUS PAGE The U.S. Government, and unable to get out while the CFTC, have a somewhat ambivalent attitude to speculation.

Opportunities

Nevertheless, on the whole the U.S. commodity exchanges think they have good opportunities of attracting increasing business—both trade and speculative—from overseas.

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The Management Page

مكتبة الأعمال

EDITED BY CHRISTOPHER LORENZ

David Churchill reports on Whitehall high flyers

Breaking the Civil Service entry laws

THE **URGE** created by the attacks on the Whitehall high flyers made by Labour MP to last week's expenditure committee report on the civil service, and from the more serious but no less sharp criticisms from the committee is hotting new for the service.

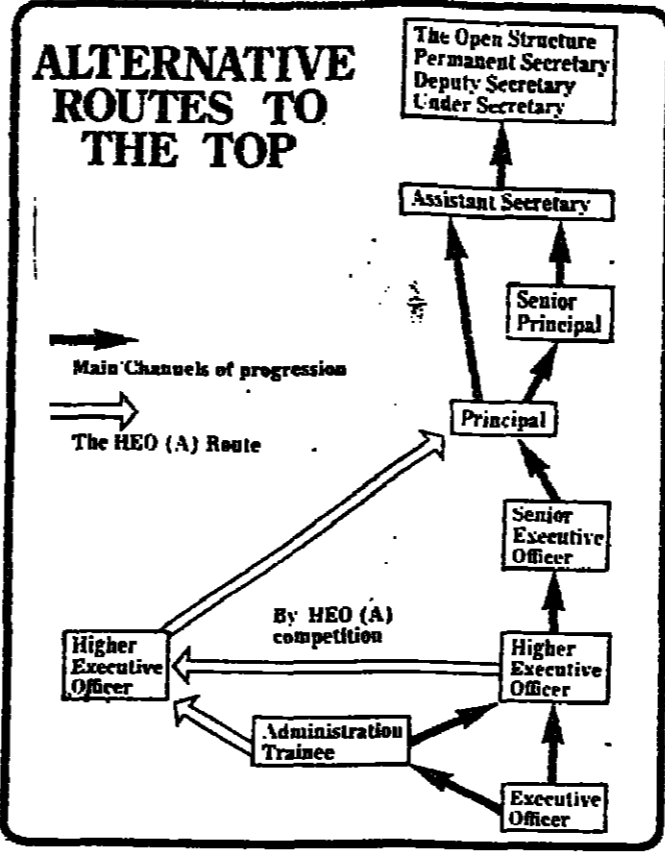
The present scheme outlined in the diagram shows how new recruits or existing civil servants can join an accelerated promotion stream to emerge as principals and assistant secretaries in possibly half the time it would take on the normal promotion route.

The profile of a high flyer, as set out by the civil service Commission, includes certain "essential" qualities: a good all-round intellect; a natural authority when working with others; a willingness to subordinate personal ambition to the interests of the service; wide-ranging interests; drive and determination; and a feeling for "ordinary people." But the "commission" acknowledges that "all these admirable qualities (plus an unquestionable integrity) are unlikely to be found in any one individual."

Intelligence

Thus, it is "perfectly possible for someone whose intelligence is in a lower range (by our standards) to do well because of the particularly effective way in which he is able to apply it," the commission points out.

Prospective high-flyers are identified at a two-day series of tests and interviews designed to evaluate a candidate's ability to handle high-level policy work as well as their interaction with each other. Candidates are closely monitored by a panel of three—senior civil servant, who is also chairman; an observer, usually a young high-flyer himself; and a psychologist. Their decision is based as much on their judgment of the individual as on results of expenditure committee and the "written tests. The final decision should be abolished."



The union has a policy, agreed at successive annual conferences, of seeking the abolition of the AT scheme, in addition, earlier this year it called for a halt to all external recruitment of ATs because of the civil service manpower cuts.

The Society argues that the scheme has become "totally discredited" with its members and "has been so managed in respect of selection, streaming, and postings that executive officers correctly feel that it holds little for them and is increasingly damaging to their own career development."

Successful

The union's criticisms of the scheme are twofold: it favours external candidates and those with a privileged background.

When it was set up, the scheme was expected to take about 100 internal entrants (existing staff) a year with a maximum of 175 external entrants. But in three out of the past five years the 175 maximum for externals has been exceeded, while the number of successful internal entrants has remained at about half the projected 100 level. And, the society points out, with the exception of 1976, the success rate of external candidates has been markedly higher than that of internals.

"The blame for this must lie with departmental managers, who have not actively identified those who would benefit from the scheme," argues the society. Internal candidates may either nominate themselves or be nominated by a department, but it is the "officially sponsored" candidates who prove most successful of the two.

The CSD acknowledges, however, that there have been fewer successful internal candidates overall than external. It suggests that good internal applicants may be unwilling to be put forward for the scheme because they do not want to upset jobs and homes, especially if based outside London. In addition, graduates who entered through the main executive officer scheme may be able to achieve desired promotion through existing channels rather than join the accelerated scheme for ATs.

Undoubtedly, the more controversial criticisms levelled at the civil service high flyers is that their initial appointment, and subsequent career, is based largely on social class and education rather than managerial performance within the service.

BUSINESS PROBLEM BY OUR LEGAL STAFF

Development land tax

We own an industrial site part of which was cleared and we eventually secured detailed planning permission for new single storey buildings to replace the former multi-storey buildings. We were told that this development would not attract development land tax but in an item under the heading Development Land Tax on August 3, you suggested that fresh planning permission might give rise to it. Have we been advised correctly? We do not think there is any contradiction between the reply which you cite and the advice under reply was one where planning permission which had been obtained had lapsed; and our view was that a "renewal" of the planning permission would constitute fresh planning permission. If you already have planning permission granted before the relevant date that will not present a problem merely because it was for more than mere replacement of the original buildings.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



An Act of God or government

BY A. H. HERMANN

AN OLD dispute of great significance for all East-West trade rests with the State, a traders has now reached its final stage and will be decided by the House of Lords, probably early next month. It is between C. Czernikow, London commodity merchants, and Central Handlu Zdravnictwa Rolimpex, one of the Polish State trading corporations, which has the exclusive right to export or import sugar in Poland.

Czernikow claims £8m damages for the future of a sugar contract. Other Western commodity dealers awaiting the outcome have similar claims—amounting in all to some £40m. But even these considerable stakes recede in importance when compared with the reappraisal of Comecon contracts which would be necessary should the Law Lords confirm the decision of the Court of Appeal. In short, if the Poles win the case, they will lose the confidence of their Western business partners. And if they lose the case, all State traders of Comecon will benefit from the renewed confidence in East-West contracts.

So far, the Communist countries of Central and Eastern Europe have enjoyed a very good reputation as reliable business partners. Agreements with Comecon corporations are difficult to reach and negotiations are costly in terms of time and money. But once agreed, contracts have been respected.

In all the Communist countries foreign trade is a monopoly of the State. Each industry has its own State-owned foreign trade corporation which, as a rule, is appointed as the exclusive foreign trader in its particular field. The corporations operate within the limits set by the national plan for foreign trade and though their leading executives can decide about routine transactions, all important deals and all decisions of business policy have to be authorised by the Ministry of Foreign Trade or by a Commission for Foreign Trade chaired by the Minister or his deputy, and on which all the other economic departments of State are represented.

Western traders suffer much by the bureaucratic delays and complications which such a system of State trading entails. But, so far at least, they have found a consolation in the belief that the deals are backed by the full authority and resources of the Communist Government, assuming that

where the monopoly of foreign trade rests with the State, a case of *force majeure*, and this defence was accepted by all three appeal judges. Lord Justice Geoffrey Lane said that in so far as it was possible under a collectivist system of government to set up an independent concern, the Poles had succeeded in doing so with Rolimpex, so that the *force majeure* clause protected them. But he did not agree with the other two judges that the Poles were not in breach of contract. The judge held that no *force majeure* exception was provided in that clause of the contract under which Rolimpex undertook to obtain the necessary export licence. Rolimpex obtained export licences between May and August 1974 but these were cancelled by the Polish Government on November 5, 1975. The judge took the view that the exporter undertook to obtain not any licences but the "necessary" export licence. "Necessary" referred, the judge said, to the moment when the shipment should have taken place and there was no doubt that Rolimpex failed to obtain such licence at that time.

The Lords have now been asked to reverse this judgment. This could be done either by accepting the view taken by Lord Justice Lane on the issue of export licence, leaving untouched the fundamental pronouncement that the State trading corporation is not an integral part of Polish Government—a pronouncement which appears to be contradicted by the Communist legal doctrine of the "monopoly of foreign trade." Or, the Lords could reconsider the basic issue.

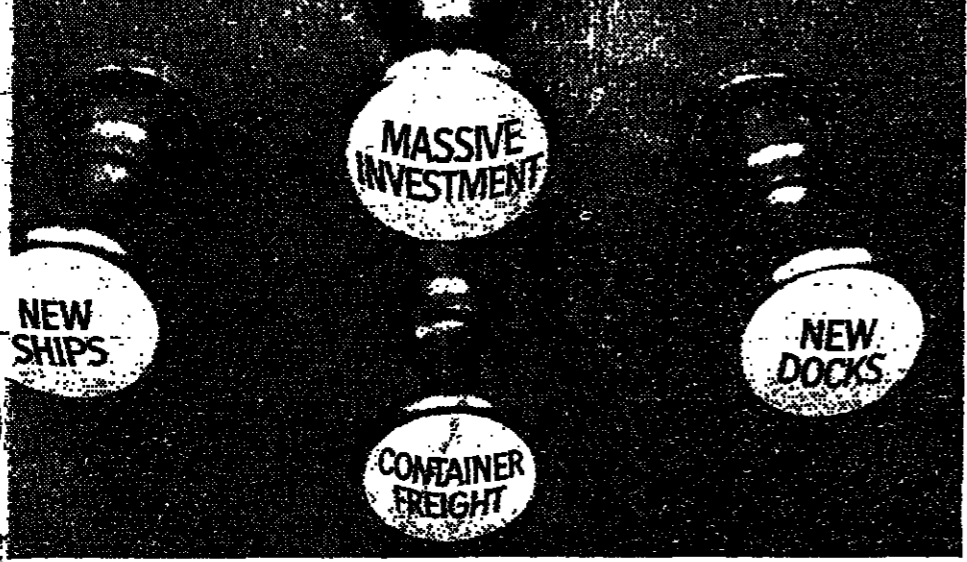
If they do this and conclude that Rolimpex is in fact only an arm of the government on whose account it transacts business—it must obey government instructions and any profits and losses of its operations are ultimately integrated with the State budget—then we will only be left with Acts of God in the form of bad weather and poor sugar beet crop. These in themselves did not make delivery impossible but only more costly.

Those who make forward commodity contracts take a gamble, running the risk of making considerable losses in the hope of equally large profits. Estimates of future crops are very much part of this gamble and in this respect governments are in the same position as private traders. Unless they pay the risk of being unwelcome at the tables next second contract with the same time.

Allocation

The Polish economic planners assumed that the 1974/75 production of sugar would reach 1,835,000 (metric) tons. Of this, 235,000 tons were allocated for export and Rolimpex was authorised to enter into forward contracts for 200,000 tons, which this State trading corporation did. However, since the central planners have no control over the weather, the sugar beet crop fell short of expectations and all the sugar produced in Poland was required to meet domestic needs while the price of the sugar on the world market rose. The Police Minister for Foreign Trade proposed that instead of defaulting it would be better for the future of Polish trade to buy sugar on the world market and to bear the consequent loss. But the Council of Ministers decided otherwise and prohibited all sugar exports as from November 5, 1974.

The export ban remained in force until July 1, 1975, and thus totally prevented delivery against the first sugar contract with Czernikow and provided only partial fulfilment of a second contract with the same time.



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critical cost factors of computers for small companies

Times July 18 1977. This article explained how the difficulties that face any company of buying a computer can be resolved with a unique new guide, *The First Computer* (ISBN 0 9505564 0 8, £28). Reprints are available from First Computer Handbook, 10a Street, London W1M 8DE. 01-580 9845.

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Wednesday September 21 1977

Waiting for the upturn

YESTERDAY'S FIGURES show several years yet. Another is that the underlying rate of unemployment, which had tended to level out towards the end of last year and earlier this year, is now rising strongly again. The actual numbers recorded as without jobs this month, which was just over 1.6m., was slightly lower than in August but this drop was entirely attributable to the further substantial number of school leavers who had managed to find a job. The best guide to the underlying trend is the unemployment figure for adults and here the seasonally adjusted rate rose to 6 per cent. This month, a full half a percentage point higher than in May and a new post-war record. Over the same period the number of notified vacancies — another useful indicator of trends in the labour market — has fallen again on a seasonally adjusted basis by just over 10 per cent.

Job creation

These figures would have been even more depressing had it not been for the various counter-unemployment measures which the Government has taken. The latest official estimate is that, in all, as many as 790,000 people may benefit from these special measures at a gross cost of almost £900m. Of this total, about 253,000 are being assisted at the present time by the various job making or job preserving measures, such as the job creation programme and the temporary employment subsidy, while a further 30,000 are currently filling the additional training places that have been created. For a number of reasons, including some people's habit of not signing on when they become unemployed, the effect on the unemployed register will be somewhat smaller. But, on a rough and ready estimate, the unemployment figure would probably now have been some 200,000 to 250,000 higher in the absence of such measures. One does not have to look far for the reasons for the latest upturn in unemployment. One is the exceptionally large number of young people joining the labour force for the first time, a factor which will continue for

Renewed pressure

This picture of little or no growth and high and rising unemployment, combined with a strengthened pound and an improving balance of payments, is certain to lead to renewed pressure on the Government to stimulate the economy into more rapid growth. But there is little it could do quickly enough to stave off a further rise in unemployment. The quickest-acting measure would be to cut consumer spending taxes but this would run counter to Ministers' hopes of re-adjusting the balance between direct and indirect taxation. With moreover, the inflation rate only now showing signs of easing, the wisest course would be not to make tax changes until the pattern of this winter's round of wage settlements becomes clearer. As it is, the turning point may have been reached with the end of the squeeze on real consumer incomes — already tentatively reflected in the latest level of retail sales. It would be a mistake to yield to pressure now and so spoil the chances of a genuine and soundly based recovery.

A poor report on schools

YESTERDAY'S report by the Committee of Enquiry into the management of schools (chaired by T. Taylor) shows some understanding of what is wrong with the present system, but then goes on to prescribe an alternative that could be a lot worse. It is right to seek the replacement of the present arrangement whereby school managers (or "governors" in secondary schools) tend to be appointed by local authorities as a reward for petty political services. Its observation that too many school governing bodies are responsible for large numbers of schools is also to the point, as is its recommendation that every school should have its own board of governors or managers.

Fashionable

Where the reports runs into the sands is in its attempt to prescribe the composition and powers of these new school boards. Apparently the fashionable notion of a decade ago, it proposes that every interest-group that is able to discern should be given an equal chance to participate in management. There would thus be statutory quarter-shares: local education authorities, elected representatives of parents, elected representatives of the teachers (with the headmaster sitting ex-officio) and the local community would each have an equal number of seats on the board. It also speaks wistfully of the possibility that the older children should get a place (as should the cleaners, gardeners, dinner-ladies and other auxiliary staff).

The boards thus established would be only partly representative, and their diffuse origins would make them weak bodies, accountable to too indefinite a series of constituencies for them to work efficiently. As "works councils" for schools such committees might have some use: as governing bodies they would either create mud or perpetuate the weakness that leaves the real power in the hands of the teachers. The result would be that the disquiet that led to the establishment of the Taylor committee would not be allayed. It might, indeed, be magnified, in

Towards a better balance of development aid

BY DAVID HOUSEGO, Asia Correspondent

ONLY ONE major transfer of wealth to developing nations has occurred in the post-colonial era. That was the fourfold increase of oil prices, and it benefited only a handful of them. The success of the Organisation of Petroleum Exporting Countries in 1973 in battering down the ramparts of western economic power has had no sequel because other commodity producers lack the muscle. Instead, less developed countries without oil of their own have had to cough their arguments for a larger slice of the cake in moral terms. Thus the New Economic Order—the charter for the world's poor formulated at the Sixth Special Session of the UN—was and still remains a moral appeal for a redistribution of wealth. Likewise the pressures for debt relief, the stabilisation of export prices or the transfer of technology which are important elements in that package are based on concepts of natural justice—backed by warnings of a political explosion if the disequilibrium between North and South continues. The moralising has gone in both directions. The West also has its evangelists. The message as proclaimed by Mr. Robert McNamara, the President of the World Bank, the late E. F. Schumacher in his work Small is Beautiful, and by a gaggle of Congressional committees is that developing nations must carry through internally the same redistribution of wealth that they are demanding internationally. The vehicles for putting it across are the multi-lateral aid institutions such as the World Bank, and the bilateral aid programmes run by individual donor nations. Redistribution is pressed partly on the grounds of equity. It also involves an economic argument that growth is not sustainable unless backed by the strong purchasing power that comes from rural wealth and the creation of employment. Thus South Korea and Taiwan are held up as models of development because of their strong agricultural base. Research done by the World Bank and other developmental institutions has shown that the major capital investments behind which the Bank put its money in the 1960s have scarcely touched the lives of the rural or urban poor. Nor did they create much employment. These projects did not have the automatic multiplier — or "trickle down" effect—that they have in the industrialised world. They tended to leave small enclaves of wealth.

Downward pressure

Outside East Asia and special regions like the Punjab, the report said, real wages had remained static or declined. The number of landless labourers was growing with the result that there was further downward pressure on wages and a corresponding decline of the purchasing power of the rural areas. In the face of such findings the development agencies and donor nations have been putting more of their funds into rural or labour-intensive projects with the hope of benefiting the bottom 40 per cent of the population. At the same time they have been urging developing nations to do the same. An unfortunate result of this change of emphasis, however, has been a slowing down of the actual disbursements of funds. That is true of the World Bank as it is of the ADB, which I visited recently. In the case of the ADB, disbursements last year from the Bank's ordinary fund amounted to \$265m.—which was less than in 1975, and about 15 per cent below the target for the year. This year the shortfall is expected to be about 10 per cent below the goal of \$333m. Spending from the Bank's special fund for aid or concessional terms also dropped last year to \$83m. from its peak level in 1975, though the pace did pick up in the first quarter of 1977. Admittedly, bureaucratic delays are also responsible for some of the shortfalls.



Harvesting sorghum in Upper Volta; by putting this photo on the cover of its new report the World Bank documents the shift of attention to more rural development.

The shortfall is resented by developing nations which see an inconsistency between western commercial banks impatient to lend, and paternalist aid donors whose funds are lying idle. It draws protests from a number of industrialised states which subscribe to the ADB partly in the expectation that aid will also mean more export orders. And it makes it harder for the bank to replenish its capital. In an effort better to come to grips with poverty the ADB, like other aid agencies has been drawn to two directions. Both are ringed with ugly titles. "Integrated rural development" programmes are an attempt to combine increased agricultural production with an overall improvement of living standards and the creation of new jobs. They involve an elaborate interlocking of irrigation projects, seed and fertilizer distribution, agricultural extension services, improved access to markets, feeder roads, schools, health clinics, rural credit institutions and new local industries. They imply—if wealth is to be more widely spread—institutional changes such as land reform and the formation of co-operatives to put the bargaining power into the hands of smaller farmers. The returns are both social and economic. "Appropriate technology" is a euphemism for the use of labour intensive techniques. It avoids seeming to foist on developing countries second best technologies. Labour intensive techniques create jobs and income: save capital and foreign exchange which are in short supply in developing countries; utilise skills and equipment that are more readily available; and can provide the focus for small scale local enterprises. On the other hand "appropriate technology" can inflate the cost of a project—the Khulna Mongia Road in Bangladesh, for instance, will cost about \$3m. more to build because equipment is being kept to a minimum. It can also render an industry uncompetitive and involve far greater problems of management.

Shortage of managers

It is certainly far more difficult to co-ordinate an integrated rural development project because of the number of Government departments involved. Unlike an electrification scheme this is not simply a matter of getting the approval of a single ministry. Officials are reluctant to take decisions that trespass on the territories of other departments. There is also a shortage of project managers trained to organise such schemes. The ADB is greater because more review missions are required to chivy each ministry into carrying its share of the load. The bank has not the staff to man them. Governments can drag their heels if the amount of domestic financing is large and they are not too keen on the projects anyway. It should be a major inhibition put up with.

MEN AND MATTERS

Sure, and I heard you

The British Irish Association's annual conference could be called the Ulster Question's own Bilderberg Group—except that those international notables who attend the Bilderberg meetings to pool ideas strictly observe the rules of secrecy and those who go to Oxford to discuss sensitive developments in Ireland do not.

This weekend saw the Association's fourth get-together, when 150 participants—politicians, officials, academics and journalists who are directly involved in the Irish impasse—gathered at St. Edmund Hall, ideally, the organisers would wish that the outside world never hears of the conferences, for even attendance at such a mixed gathering could spell political suicide in Ulster. But the gaff was blown—thanks to former Irish cabinet minister Dr. Conor Cruise O'Brien's unilateral decision to waive the Chatham House rule on attributable reporting so that his controversial speech claiming that only a minority of Irishmen would be publicised.

Whether or not journalists were right to accept O'Brien's dispensation is now the subject of a lively row. The view of many participants is that the non-reporting rules are designed to protect everyone present. That view is sharpened by the fact that O'Brien's action has greatly embarrassed a number of Irish politicians from both sides of the border, who were forced to hear him out in impotent silence. The "leaks" that find their way into the Press are still worrying both organisers and some of the participants. Not as much, though, as a past conferee when one distinguished journalist refused his invitation to the conference, with its and I would love to go."

What particularly excited the delegation's interest was the copy of a Ming ram which forms part of the Baron's art collection and which was presented to him by David Bruce, the first U.S. representative in Communist Peking.

What fascinated Baron Philippe on the other hand was the total absence of signs of rank on his guests' olive green uniforms and flat caps with huge red stars. He also noted with interest that while General Yang's colleagues accepted champagne the General himself preferred tea before covering a full page of the visitors' book with what the Baron assumes are polite words of thanks.

It is not just a question of style and personality however but, as Murphy confessed to me, partly a question of necessity. Having been promoted to the chair from the number two position Murphy now finds himself without a deputy chairman to carry part of the burden and is definitely in the market for one, at around £26,000 per year.

Bricks dropped

Gesellschaft Amicitia is a Cologne club for the building industry. Its aim, as one can read in the club's statutes, is to "cultivate friendship and nobility of mind and to see that members are truthful—this being a precondition of a real friendship." It is also fairly strict with its members; those who fail to attend the club's after-dinner discussions have to excuse themselves—and those who attend have to keep secret whatever was discussed.

The Federal Cartel Office has now discovered why. The real aim of the organisation has been collusive tendering. The "discussion afternoons" were used for the preparation of tenders for large building projects, they ensured that the lowest price tendered by the member selected to win the contract was comfortably high. The Cartel Office has now coiled the club and its president a total of DM23,000 (£5,600). There is no appeal.

Murphy at NEB

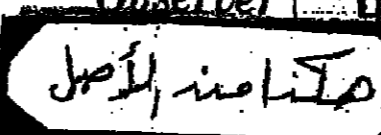
Having avoided the Press since taking over from Lord Ryder as chairman of the National Enterprise Board, Leslie Murphy made up for his elusiveness yesterday by presenting both himself and his management team on the occasion of the half-year results.

I shall draw a polite veil over the results themselves, but can reveal that teamwork is the hall mark of the Murphy management style, quite a contrast to the highly personal leadership of Lord Ryder.

Offender honesty.

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Coal v. the looming world energy gap

By ROY HODSON, now in Istanbul

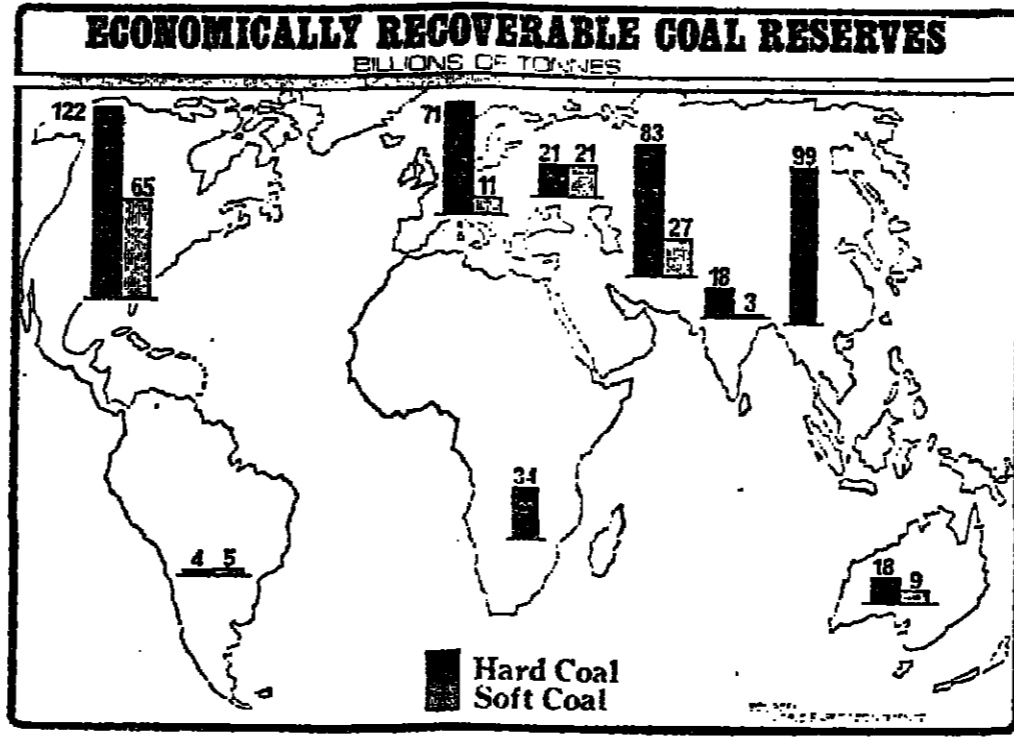
Authorities concerned with resources agree that the world is facing a coal shortage that is to become a crisis in the next few years. John Hill, chairman of the International Atomic Energy Agency, has summed up the situation in a letter to the United Nations: "The world is facing a coal shortage that is to become a crisis in the next few years. The coal reserves of the world are being depleted at a rate that is unsustainable. The coal reserves of the world are being depleted at a rate that is unsustainable. The coal reserves of the world are being depleted at a rate that is unsustainable."

ESTIMATED WORLD URANIUM PRODUCTION CAPABILITY (tonnes per year)	
AREA	1977
North America	10,000
Western Europe	2,500
Australia & Japan	500
Latin America	200
Middle East & Africa	100
North Africa	100
Africa south of Sahara	100
TOTAL	13,500

That figure correlates closely with earlier energy surveys made this year. It is based upon an international inquiry among the principal oil authorities. The final report has been prepared by M. Pierre Desprairies, chairman of the Board of the Institut Francaise du Pétrole. The same experts conclude that by the year 2000 new discoveries of oil cannot be expected to do more than match the current (1977) consumption of oil. A slowing down of the rate of increase of oil reserves is seen by the WEC to be the most disturbing aspect of the outlook for oil.

As a result of the crisis in the coal industry, the world is facing a coal shortage that is to become a crisis in the next few years. The coal reserves of the world are being depleted at a rate that is unsustainable. The coal reserves of the world are being depleted at a rate that is unsustainable. The coal reserves of the world are being depleted at a rate that is unsustainable.

The prospects for oil in terms of total world energy demand are seen to be strictly limited from about 1990 onwards by the limited supplies available. Conventional sources of oil are seen to be inadequate for premium uses such as transport and chemical feedstock beyond this century. But that will only remain true if the world starts within the next ten years to reduce the use of oil for heating. The future importance of coal is underlined again and again by the WEC. According to the forecasts much of the new demand for fossil fuel will be met directly or indirectly by coal, and world coal demand is expected to increase quickly after the middle 1980s. The Cavendish Laboratory researchers have reported that "coal will be required in industry both for direct use and for making synthetic fuels, and in balance the nuclear component in electricity generation. Their estimate is that world coal demand in 2020 will be between four and six times its present level. In the opinion of the WEC, the required development of



Of course, coal is quite within the powers of the nations at present responsible for much of the world's coal production. The WEC paper on coal resources forecasts that production in the 11 biggest coal-mining countries will rise from 2.2bn tonnes in 1975 to nearly 5bn tonnes in the year 2020. Coal reserves are well distributed around the world and correspond reasonably well with the biggest energy-using areas, except for some parts of Europe, and to a certain extent Japan. Nevertheless the WEC is forecasting a big upsurge of international coal trading with most coal producers reaching the

peak of their export effort in about the years 1980 to 2000. Whereas world coal resources are well identified the total reserves of uranium, the basic fuel for nuclear power generation, still present a number of mysterious aspects. The WEC admits that comprehensive estimates of undiscovered uranium have not yet been made on a global scale. Most countries have only recently begun to consider the need to explore their possible uranium resources. In Britain there has been some surprise that workable deposits exist in the Orkneys. The Orkneys have, for the moment, opted through their local authority against ex-

ploration. Figures prepared for the Istanbul conference show that the world's uranium mining capability will increase from 33,000 tonnes this year to nearly 100,000 tonnes in 1990. Levels much above 100,000 tonnes a year are not likely to be attained, says the WEC. But mathematical-statistical models suggest that the world's undiscovered uranium resources are very much bigger than the present scale of mining indicates. They could be as high as 250m tonnes, and are thought to be more than 50m tonnes at the minimum. Confident that the availability

ESTIMATED COAL OUTPUT OF MAIN PRODUCING NATIONS	
COUNTRY	1975
Australia	67
Canada	23
China	349
East Germany	126
India	73
Japan	19
Poland	181
South Africa	69
U.K.	129
U.S.S.R.	581
U.S.	614
TOTAL	2,233

It is thought likely to be at least four times (and perhaps six times) greater than now. The most cheerful note struck by the WEC's massive researches into the future of energy is that whatever energy is available will be used much more efficiently than it is now. The assessment is that the overall efficiency of the conversion of energy into work and usable heat will have risen by 10 per cent by 1985, by 35 per cent by 2,000, and by nearly half by 2020. That is just as well, given the overall shortages that the British site — the Severn world is facing.

gement of

Human activity, is what we may expect if we allow the Labour or any other party to really succeed in turning this country into a corporate state, presided over by (Mr. E. D. Dyke, September 17) "The Government, the TUC and the major public and private corporations." Sir Anthony Meyer, MP, writing in this problem recently, says that the government is almost automatically and disconcertingly in the wrong regarding what may be a true explanation. Indeed the Court of Appeal, over a year ago, warned against the danger of rejecting out of hand the explanation of absenteeism as a defence in describing what is increasingly happening as "this alarming drift towards automatic discipline." He uses words that are none too strong. If, would, he say, "be a terrible thing if the idea were to take hold that because shoplifting is increasing at such an alarming rate—and it is—it must be stamped out even if a few individuals have to suffer in the process." Indeed it would, but such ideas are, of course, part of the unspoken price of the corporate state.

Another, less well hidden recently, is that if trade unionists succeed in flouting the law for long enough and flagrantly enough, then either it should become a conviction that they are immune from such laws as distinct from the unjustifiable, unjustifiable, that is, in present day terms—immunities already granted by statute, or, at worst, that Parliament should alter the law in their favour. The greatest mistake we make is to think that such problems can be dealt with in isolation. We need to have regard to the principle as much as the end product. S. P. Best, 41, Highgate High Street, Highgate, N.6.

Offended honesty

From Mr. M. Nottingham.

Sir,—Like W. F. Richardson (September 17), I too think that our shops can be a "risky" business in these days. How many readers would feel happy about an elderly, honest relative or friend of theirs shopping alone in a modern large store or supermarket? I would not!

The owners of large stores and supermarkets should pay fair by the 98 per cent of their customers who are honest by displaying the following notice in their stores: "The management would like to apologise in advance to any genuine customer who is in anyway offended by any aspect of our internal security system."

Max Nottingham, 19, St. Faith's Street, Lincoln, Lincolnshire.

No right to strike

From Mr. W. Kerr.

Sir,—With reference to the report (September 14) upon Mr. Peter Walker's reaction to the views expressed by Sir Keith Joseph and Mr. J. Prior on the Grunwick affair, might I suggest that the most vital deficiency within the trade union movement is the insistence upon the right to strike.

The Prime Minister and his Cabinet colleagues and all influential political and other powerful organisations should be encouraging trade unions to give up the right to strike in exchange for a fully adequate supply of tribunals comprised of people who no person could reasonably claim to be biased in any direction other than the one administering social justice in the light of the facts and for the preservation of national prosperity and security.

It should be emphasised to the nation through every effective channel of communication that no person or group of persons has any inherent right to strike unless that right is available at any time to every single member of the community and that in any modern national community where people are so dependent upon each other the right to strike merely reflects outdated and undemocratic thinking.

If tribunals are available for moving in striking any dispute that has not been successfully disposed of at management/union level then both parties should accept the decisions of these tribunals gracefully, particularly bearing in mind that any employee would have the right to give notice of termination of employment in accordance with the terms of his contract if he thinks he can get more rewarding long-term employment elsewhere.

Obviously the absence of a right to strike would require a very high standard of managerial expertise—industrial and commercial managements would have to be very much on their toes which, together with the absence of strikes, would, of course, contribute considerably to increased prosperity, lower taxation and an all-round improvement in the general tone of the nation.

W. R. G. Kerr, 41, Craymount Gardens, Edinburgh.

Unprotected by Access

From Mr. W. King.

Sir,—By the most incredible operation of Section 75 of the Consumer Credit Act, which became effective on July 1, Access is denying the vital protection of this legislation to the estimated 3m. members who joined prior to July.

The small, small, print of clause 10 on the reverse of the application form signed by these vital members who built Access up over the past five years states "nor will it (Access) be responsible in any way for the goods and services supplied to the cardholder." By the careful layout of the application form a member has no longer a record of this offending clause because it is on the reverse of the part of the form you send to Access.

Early in July I wrote to Access and said I assumed, as intended by the legislation, I would be protected by it particularly as I had been a maximum credit member since the inception of Access. I was astounded to be told only members joining since July would be covered. I could however resign my membership and join again and then I would get the rightful protection the Government intended.

But it was not so simple to escape from the 3m. second class members Access had created by its cavalier attitude. I was sent a new form with the same offending clause. I asked for it to be intalled out, as any normally responsible commercial undertaking would do, this was refused and in affect I was told to sign the outdated form and just trust it.

Again I refused to sign and encourage it in its arrogant attitude to long-term trusted members. At last it would seem solely by my action to refuse to bow before the might of Lloyds, Nat-West, Midland and the other banks that make Access. I now have a letter which states it is going to introduce a

Pensions and politics

From Mr. G. Gantrip.

Sir,—I believe the Social Security Pensions Act 1975 received the general support of the major political parties and it was intended to "take pensions out of politics"; the new system made it possible for employers with good pension schemes to contract out of a large part of the State Scheme and it provided employers with an incentive to improve their schemes in appropriate circumstances.

The statement of Terry Parry, chairman of the TUC social insurance committees, at the trades union congress would imply that this has not happened. If this is the case, it would seem reasonable to ask Mr. Parry to substantiate his remarks that pension schemes were being approved which were in practice no better than the state benefits." Perhaps the remarks were purely intended to introduce the remainder of the statement, which refers to early access to the State Scheme and a toughening of standards for contracting out.

This statement appears to indicate that pensions are now back in the political arena and after all the work in the pension field over the last two years this is a frightening thought.

Graham Gantrip, 213, Pensby Road, Heswall, Merseyside.

Checking on Ernie

From Mr. N. Wilson.

Sir,—My wife and I have been accumulating Premium Bonds since March 1972 and, until and including May 1976, our investment paid us from 3 to 4 per cent, annually in small prizes. The small prizes showed us that our bonds continued to be eligible as prize-winners and were not being left out of draws.

By August 1976, we had swelled

Investment in Malta

From the Chairman, Malta Development Corporation.

Sir,—Those of your readers who are not familiar with recent events in Malta may have been misled by the opening paragraph of your article "Reaping the Whirlwind" which appeared on August 31. Contrary to what was stated in that article, the industrial stability of the island has not been affected, let alone shaken, by what has been going on.

Your correspondent referred only to the unions representing public sector employees. He very curiously avoided all mention of Malta's largest trade union—the General Workers' Union—which represents virtually all industrial workers. This union not only has no quarrel with the Government but endorses the changes being introduced in the industrial sector. Indeed, the G.W.U. has cooperated closely with the Government in substantially and continuously improving the standard of living of the working class in spite of the adverse economic situation that has affected most countries in the world.

The serious doubts regarding foreign investment in Malta seem to exist largely in your correspondent's mind. They are certainly not borne out by the stream of serious inquiries and applications to set up new industrial projects which my corporation is continuously receiving. So long as companies of high calibre, including British firms coming to Malta, they are confident that our Government's policy, which may of necessity be firm, has been and continues to be the right one.

J. Cassar, Malta Development Corporation, Floriana, Malta.

Further talks between management and union on Ford pay offer. Mrs. Margaret Thatcher, Conservative Leader, travels to Inter-News for start of her Scottish tour. Mr. Mihai Marinescu, Vice-Premier of Romania, visiting Brussels for talks with Government leaders. Publication of Reports from Committee of Public Accounts. Environmental Health Association annual report. Headquarters Conference opens, St. Edmund's Hall, Oxford. Retail Credit Federation Conference, Spa Hotel, Tunbridge Wells. Great British Beer Festival opens, Alexandra Palace, London. Sir Robin Gilliet, Lord Mayor of London, opens annual conference of Chartered Insurance Institute. 20. Aldermanbury, E.C.2

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COMPANY NEWS + COMMENT

Hestair to surge ahead after slow start

REPORTING PROFITS 84 per cent ahead at £1.8m. for the half year ended July 31, 1977. Mr. David Hargreaves, chairman of Hestair says that he is confident that the full year's results will bring another substantial stride forward with records all round.

Turnover in the half year was virtually unchanged at £5m.—the chairman points out that sales of companies which have been part of the group for both half years advanced by 21 per cent, with the best performances coming from Hestair Dennis and SOS Bureau. All group companies have pushed forward capital and product development expenditure to provide the basis for future growth.

Mr. Hargreaves feels that the first half was good, although as anticipated the profit increase was more modest than usually reported. Two significant acquisitions in the period will transform the agricultural division—Rat Hargreaves and P. B. Bettinson and Co.—and both are expected to make a significant contribution to second-half profits.

He regards the prospects for the second half as sound and the outlook as distinctly encouraging. All the engineering companies have record order books and exports are again buoyant. The SOS Bureau is going to set records and consumer products are showing promise of better times to come.

First-half earnings per 25p share are stated to be up from 6.2p to 6.3p. The interim dividend is increased from 1.75p to 2.12p, in addition a further 0.0525p is declared in respect of 1976 following the reduction in ACT. The total for 1976-77 is 5.6063p paid from profits of £4.02m.

Table with columns: Profit, Turnover, Dividend, etc. for Hestair.

The profits rise of 8 per cent from Hestair is first in a line of mediocre results from companies with engineering interests. But in Hestair's case the engineering side is not to blame. The dull result is mostly for a technical reason—the subsidiaries which Hestair has sold used to contribute first half profits whereas the one it has bought, Kidderminster, is highly seasonal and only makes its mark in the second half. Also money has been spent buying in the minority holding in Timstock and the benefit here only appears below the line. On the trading front the engineering companies have done well despite some teething troubles with Starbays' new seed drill. But the real attraction lies in the potential in 1978 when the depressed consumer side should revive and the pay-off should come for high capital investment in engineering. In 1977, the pre-tax profits count reach £5m, implying a fully taxed prospective p.e. of 7.7 which is in line with the sector averages. In view of the better prospects a higher rating is justifiable. The maximum yield is 7.3 per cent.

HIGHLIGHTS

Lex today takes a look at the interim figures from the Bank of Scotland. Profits are up 6 per cent, but, compared with the previous six months, there is a setback and though its basic banking business held its own in the first half the going is getting tougher. In addition Lex concentrates on the Wilson Committee report. On the merchant banking front Kleinwort Benson indicates that the conditions are at last coming right, while Hestair can only manage a fairly mediocre 8 per cent profit rise. Turkey group Bernard Matthews has come up with an impressive doubled first-half profit and Pittard's results also show a dramatic rise in profits, though the second half looks less exciting. Bodeyco International has registered an interim rise of over a third pre-tax, and on the retailing front John Menzies has produced a near 230 per cent jump in profits while high street jeweller, H. Samuel, has turned in a more pedestrian advance of a quarter.

Kleinwort Benson improves

GROUP PROFITS of Kleinwort Benson Lonsdale for the six months of 1977 show a satisfactory improvement, state the directors. The net interim dividend per 25p share is increased from 1.31p to 1.65p. Also an additional dividend is declared for 1976 of 0.03352p resulting from the reduction in ACT.

The consolidated balance sheet as at June 30, 1977 shows total assets at £1,822m, against £1,270m, as at December 31, 1976.

Table with columns: Profit, Turnover, Dividend, etc. for Kleinwort Benson.

Conditions for Kleinwort Benson, along with the other merchant banks, are at last coming right. Sterling's strength means that the capital base for overseas business is no longer being eroded, meanwhile the bull market is increasing the value of investments and commissions on investment management and encouraging takeovers. And although lower interest rates reduce the return on the short-term instruments the merchant banks do not suffer

H. Samuel first half headway

FOR THE six months to July 31, 1977, pre-tax profits of multiple jeweller H. Samuel improved from £1.66m. to £2.04m. and Mr. G. H. Edgar, chairman, forecasts that full-year results will again be satisfactory. For 1976 last full year profits topped £3m.

New and enlarged branches made a useful contribution to half-year sales and a number of additional branches will be opened before the end of the year. Profits were also aided by higher investment income of £353,000, against £199,000.

Table with columns: Profit, Turnover, Dividend, etc. for H. Samuel.

H. Samuel's sales growth was around 25 per cent in line with industry statistics, but trading profit margins have come under pressure. However, investment income, rising by 77 per cent, has made up for any margin setback and overall the company is ahead by a quarter pre-tax. Selling space has been increased but sales have shown little advance in volume terms, though the trend is certainly towards silver items rather than the more expensive gold ones. A company such as Samuel is obviously geared towards the Christmas trade and the current uplift in retail statistics is no guide to the full year outcome. Bearing in mind a cautious note for Christmas sales Samuel looks capable of at least £10m. pre-tax for the year, indicating a prospective p.e. of 9.3 at 215p and a maximum yield of 8.8 per cent, against a yield of 6 per cent, on James Walker.

ket; and the shares rose 6p to 58p. However, the second half is going to be far less exciting. The sales increase of 37 per cent represents very little volume gain, while overseas sales face a particularly difficult time in Canada and Finland. Hide prices dropped considerably in the period—30 to 40 per cent, since the end of last year—and no doubt this has helped both the competitive position against synthetic materials and the company's own profit margin. But trading is far from easy. The U.K. footwear and garment industries are faced with cheap imports and overseas Canada and Finland are still depressed. But the forecast of at least maintained profits may be conservative, although the current six month's profit is not going to reach the £1m. of the comparable period. Nevertheless the shares will have a following with a yield of 7.4 per cent, and prospective p.e. of under 5.

Pittard jumps 53% at halfway

PROFITS FOR the first half of 1977 at Pittard Group expanded 53 per cent from £741,586 to £1,127,522, subject to tax of £588,790 against £382,130. Turnover advanced from £6.55m. to £9.38m, of which overseas sales accounted for over 40 per cent.

Table with columns: Profit, Turnover, Dividend, etc. for Pittard.

Mr. C. J. Pittard, the chairman, believes that full-year results will at least be equal to the record £1,76m. for 1976. He says that the footwear and garment industries are still experiencing difficult trading conditions in the U.K. and overseas, in particular, the two important markets of Canada and Finland. However, he expects that the U.K. footwear industry will be helped by certain selective import restrictions which the Government has imposed.

Stated half-year earnings are ahead at 7.3p (4.9p) per 25p share and the interim dividend lifted from 1p to 1.022525p net, costing 552,434 (£73,275). An additional 0.0227975p is to be paid for 1976 on the reduction of ACT—payments totalled 2,451,873p last year. Statement Page 21.



Mr. David Hargreaves, chairman of Hestair.

DIVIDENDS ANNOUNCED

Table listing dividends for various companies: Bank of Scotland, Bodeyco, Liberty and Co., etc.

Bernard Matthews foresees £3m.

A JUMP from £2.3m. to around £3m. in group pre-tax profits is forecast by Bernard Matthews, integrate turkey producers, for the year 1977. In the first 28 weeks turnover has almost doubled from £4.83m to £9.03m, and profit went ahead from £500,000 to £1.01m. The directors expect the results for the second half to be similar to the first half of 1977. Due to the new export market and cut-out trade have bolstered output. Overseas looks to be the main growth area and by the year end should account for between 12 to 15 per cent of sales after only a couple of years in this market. Meanwhile margins look fairly safe although the recent fall in grain prices will not have any immediate effect since most of the feeds have been bought forward. So given that most orders for the 20th important Christmas period are already in the bag the forecast for second half earnings has a solid base. That would put the shares at 137p on a p.e. of 4.2 with a yield of about 9.2 per cent, which looks attractive now that the group is striving to become more integrated.

Midway rise at Sparrow

IN TURNOVER up 59.9m. to £25.26m, profit of crane hirers, G. W. Sparrow and Sons rose from £311,000 to £370,000 for the first half of 1977. Due to the availability of capital allowances, no tax is payable on the surplus. The directors state that they are continuing to invest in those sections of the group which show good profitability and their confidence in the future is undiminished. After adjusting for a three-for-two scrip issue, the interim dividend per 20p share is stepped up from an equivalent 0.772p to 0.8625p net—for 1976, payments totalled an equivalent 1.925p from £1.31m. record profits.

Strong order book at R. & J. Pullman

IN SPITE of depressed demand within the U.K. clothing manufacturers, R. & J. Pullman has a good order book and is expecting another satisfactory result for the current year, says Mr. M. A. Hope, chairman. Exports made all the running in the year to March 31, 1977 with sales rising 77 per cent, to £29m, out of a total £11.3m. (£9.37m.), from which taxable profits of £3.7m. (£3.2m.) were achieved. Ursula Fabrics, the corduroy weaving and finishing subsidiary, has seen a sharp upturn in demand and a period of growth is anticipated by Mr. Hope. The AGM will be held at 12, Marlborough Road on Oct. 14, at noon.

AMAL DISTILLED

In the current year Amalgamated Distilled Products had made an encouraging start, yesterday's general meeting was told.

BOGOD-PELEPAH PROSPECTS

Mr. F. E. Barlow-Lawson, chairman of Bogod-Pelepah, anticipates that profits for the current six months of 1977-78 will be similar to the first half £130,000 of 1976-77.

First half jump by Menzies

AS EXPECTED taxable profits of John Menzies (Holdings) showed a substantial improvement in the half year to July 31, 1977, with a jump from £20,000 to £58,000, beating the record £24,000 for the first half of 1973.

The interim dividend per 25p share is raised from 2.05p to 2.327p net and a third interim of 0.23p in respect of the last full year—when profits totalled £3m.—is also proposed.

Turnover for the 28 weeks expanded from £65.8m. to £78.1m. and interest payable showed little change at £108,000. Tax took £45,000 (£138,000) and there were extraordinary debits of £190,000 compared with credits of £40,000. The directors say that prospects dependent on the vital Christmas trading are good. Should expectations be fulfilled, second half year profits will also show an increase, although it will not be of the same proportion as that now reported.

They expect in due course to be able to recommend such final dividend for current year as to bring total dividends declared for year to 4.897p, the maximum permitted.

John Menzies' pre-tax profits, up 229 per cent, were ably assisted by first-time gains of some of the 50 per cent increase in selling space acquired in 1974. Last year's figures by comparison were badly hit by rail fare increases and the long hot summer which affected bookshop and store sales. But turnover was up by 19 per cent, and this reflects only a 1 per cent volume increase—probably all from the retail side. A string of price increases early in the year helped pre-tax margins improve to 11 per cent, after last year's first half loss of 0.4 per cent. Margins in the second half could be affected with a new wage agree-

Yearlings hold at 6 1/2

The coupon rate on the yearling bonds issued this week by local authorities has held at 6 1/2 per cent. The bonds issued at par are due on September 27, 1978. Issues this week are: Darlington Borough Council (£1m.), Strathclyde regional Council (£1m.), London Borough of Sutton (£1m.), North Wolds Borough Council (£1m.), London Borough of Lambeth (£1m.), City of Leeds (£1m.), City of Liverpool (£1m.), City of Thorpes Borough Council (£1m.), Newport Borough Council (£1m.), Preston Borough Council (£1m.), St. Albans District Council (£1m.), London Borough of Waltham Forest (£1m.), City of Salford (£1m.).

NORTHERN ENGINEERING

Designs start to-day Engineering Industries company formed to-day by the London Borough of Redbridge (Eng.).

COWAN, de GROO Pretax Profits up 45%

Table showing pretax profits for Cowan, de Groo for 1976/77 and 1977.

THE EXPANDED METAL COMPANY LTD

INTERIM STATEMENT (Unaudited) Half Year to 30th June 1977. Chairman's Interim Statement from Sir Patrick Hamilton.

Table with columns: 1977, 1976, Full Year, etc. for The Expanded Metal Company Ltd.

Table with columns: Profit before tax, 1975, 1976, etc.

Advertisement for St. Quintin Chartered Surveyors, featuring an illustration of a surveyor and text describing their services.

Subscribe to Street Journal

Yearlings, COWAN, Pretax Profits up 45%

Financial Times Wednesday September 21 1977

Bank of Scotland up by .71m. at half way

increase of £2.71m. pre-tax is announced for the half year ended August 31, 1977. The profit for the previous year was £2.00m.

BOARD MEETINGS

The following companies have notified the Board of Directors of their results for the half year ending 30 June 1977. Figures are in £ millions unless otherwise stated.

Company	Half Year 1977	Half Year 1976	Year to Date 1977
Bank of Scotland	2.71	2.00	5.21

Liberty first half upsurge

RECORD group profits are expected by Liberty and Co. for the current year ending January 31, 1978. For 1976-77 the figure was £1.88m. pre-tax.

Heywood Williams outlook

Current year results at Heywood Williams Group should show a reasonable improvement and the start of an advancement towards an acceptable level of profitability.

Ricardo advances to peak £0.6m.

PRE-TAX PROFITS of Ricardo and Co. Engineers (1927) advanced from £433,365 to a record £641,349 for the year to June 30, 1977.

Profit rise at F & C Eurotrust

After heavier management expenses and interest of £106,500 against £56,000, pre-tax profits of F. and C. Eurotrust rose from £89,100 to £156,700 in the year ended June 30, 1977.

Sun Alliance improves MasterCover

The Sun Alliance and London Assurance Group has announced several improvements in its flexible household insurance package MasterCover which take effect this month.

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INTERIM REPORT

Pittards

The Group produces the widest range of quality leathers which it sells to leading footwear, garment, glove and accessory manufacturers in over 30 countries.

	Six months to 30 June 1977	Six months to 30 June 1976	Year to 31 December 1976
	£	£	£
Sales	9,395,426	6,853,249	14,835,743
Profit before Tax	1,137,322	741,596	1,759,855
Corporation tax (32%) and tax on foreign subsidiaries	586,700	382,130	899,696
Profit after Tax	£ 550,622	£ 359,466	£ 860,159
Dividend per Share	1.125p	1.000p	2.480p
Earnings per Share	7.5p	4.9p	11.7p

Results Both turnover and profits set a new record for your company. Turnover has increased by 37% in spite of very difficult trading conditions both in the United Kingdom and abroad; overseas sales accounted for over 40% of the total.

The increase in pre-tax profit of 53% has been achieved by further improvement in efficiency and greater volume. Prospects The footwear and garment industries are still experiencing difficult trading conditions in the United Kingdom and overseas.

Copies of the interim report for the period ended 30 June 1977 are obtainable from the Secretary, Pittard Group Limited, Sherborne Road, Yeovil, Somerset BA21 5BA.

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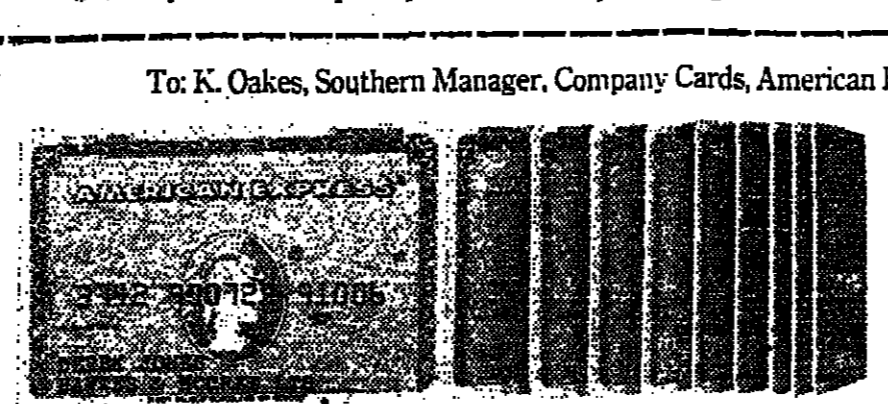
The Card on the right enjoys exactly the same international privileges of acceptability, mobility, security and prestige

The difference is that it is part of an efficient and modern expenses control system, which is saving companies many thousands of pounds a year.

and sales staff with cash advances, which are costly and difficult to manage. Companies are now issuing them American Express Company Cards. This means that most major travel and entertainment expenses can be settled with the Card; and the Company's Cardmembers have useful additional protection against most financial emergencies.

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LYON & LYON

Interim Report

Results indicate the continuity of the record level of profit achieved in 1976 and further support your expectation that the pre-tax profits for 1977 will set for 1976.

	Half-year to 30.6.77	Half-year to 30.6.76	Year to 31.12.76
	£	£	£
Turnover	22,987,454	22,351,523	45,239,559
Gross profit	289,072	180,472	542,161
Income	50,570	32,794	82,263
Profit before tax	339,642	193,266	624,424
Profit after tax	102,924	98,564	317,039
Dividend	238,718	194,702	397,385

M. E. LYON, Chairman

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Transatlantic interest itches to gold

NETH MARSTON, MINING EDITOR

The recent revival of gold and gold shares from the U.S. where uncertainty about the dollar and the economy has been a fall in the Dow to its lowest for... However, silverminers warn that the recent fall in metal prices indicates that Mogul's profits will be lower in the current half-year. Silverminers were 2p. off at 43p yesterday.

TIN MINERS ASK FOR TAX RELIEF

DESPITE THE surge in tin prices over recent months, the Malaysian tin mines are seeking tax rebates from the country's Government when the budget is introduced later this year. Three representative bodies, the States of Malaya Chamber of Mines, the All-Malaya Chinese Mining Association and the Borneo Chamber of Mines, want a repeal of the export surcharge, a restructuring of the tin profit tax, and greater income-tax relief.

GOLD OUTPUT IS HIGHER AGAIN

South African gold output increased during August for the fourth month running, the latest statistics from the Chamber of Mines reveal. But production is still slightly behind 1976 levels. Total gold mine output in August was 1,986,169 ounces compared with 1,924,088 ounces in July and 1,986,129 ounces in August 1976. Production for the first eight months of this year was 14,861,917 ounces against 13,105,794 ounces in the same period last year.

MINES ROUND-UP

It is given the go-ahead from the Canadian Government, the big Key Lake uranium venture in northern Saskatchewan could be brought to production in 1983 by its partners, West Germany's Uranerz and the province-owned Saskatchewan Mining Development Corporation. This could be a 6m. tonnes of ore per year venture with a capital cost now estimated at \$220m. (£107m).

In Sydney, CSR has rejected the assessment by Hill Samuel Australia that the shares of AAR, for whom CSR is bidding a cash and share alternative worth \$A1.02 (£1.31), have an intrinsic value of \$A3.40. CSR said that for most of the six months before its bid, AAR shares were less than 80 cents and even now were beneath the bid offer.

One of two mills at the Rio Tinto-zinc group's Palabora copper mine in South Africa is back in operation after being taken out of service in July for repairs. The second should be operational again in October. Earlier Palabora had stated that the production loss from taking the two mills out of service would be 5,000 tonnes.

Armitage Bros. down in first half

Textile product manufacturers, Armitage Brothers, reports a decreased pre-tax profit of £204,327 for the 29 weeks to July 16, 1977, compared with £234,265. Profit for the whole of 1977 was a record £407,578, out of which a dividend of 14.6p was paid.

GENERAL FUNDS REVENUE RISE

Revenue for the six months to July 15, 1977, of General Funds Investment Trust increased from £191,749 to £236,054 before tax of £79,060 against £57,088. As already announced the interim dividend is lifted to 1.5p (1.65p) net—last year's total was 4.1p paid from £0.34m. revenue. Net asset value at July 15 was 204.16p (174.02p) per 25p share.

GKN in S. Africa

An agreement has recently been signed between Sheikh Abdullah Al-Ankary and GKN Reinforcements of Wrexley, West Midlands, to set up a factory in Saudi Arabia to manufacture steel reinforcing fabric for concrete. The factory will serve the eastern and central areas of the country. In this joint venture, known as Saudi Metal Industries, Saudi Arabian participation will be 60 per cent, and GKN will hold 40 per cent of the equity.

Bodycote ahead DataSTREAM over to £0.96m. forecast

BY JOHN BRENNAN

FIRST half 1977 taxable profit of Bodycote International increased from £707,000 to £937,000. For the whole of 1976 the total was £1.74m, a record.

Earnings for the first six months are 5.38p (4.43p) per 25p share. The interim dividend is raised from 1.1666p to 1.3025p and the directors intend to recommend a final of 1.4125p (1.247p), the maximum allowed. Turnover... Profit... Dividend... Tax... The first-half improvement has been brought about by the strong contribution from the industrial divisions, which have again continued to show steady growth. Mr. J. C. Dwek, chairman, states, "It is now apparent that the volume of consumer spending during 1977 has shown a decline. Those subsidiaries which supply goods and services to the retail trade were affected accordingly. This had another particularly difficult first half."

comment

Bodycote International continues to be regarded as a textile company, which probably explains the cautious prospective price of 4.5 at 57p. However, last year protective clothing and industrial safety gear accounted for half the profits and in this period produced 45 per cent of profits and all the growth. Dependence on the retail textile markets has been reduced to little more than 20 per cent. That the volume of consumer spending during 1977 has shown a decline, but with the run up to Christmas sales, orders for this period seem to be reasonable though perhaps not as strong as in the comparable period last year so full-year profits of £2m. may be likely. Perhaps more interesting than the earnings pattern, though, may be the dividend which yields a prospective 7.5 per cent, more than four times covered. The company itself believes a cover of 24 to be adequate.

The directors explain that progress continues to be made with lettings but in view of the fact that the first half-year's trading results are not expected to be repeated in the second half they thought it prudent to reduce the interim. The amount of the final dividend will be considered in the light of the full year's results and the prospects for 1978. Present estimates of the results for the whole of 1977 after charges substantially the whole of the interest payable to the revenue account, would justify the recommendation of a final dividend of not less than 0.5p making a total of 1p compared with 1.31p.

Next Fleming Property issue at £1.220

The next issue of units in Fleming Property Unit Trust will be on September 29 at a price of £1.220 per unit, yielding an estimated 8.5 per cent for the next 12 months. The minimum initial application is 10 units, but subsequent purchases have no minimum.

This issue price is 240 higher than that pertaining to the June issue, reflecting the continued rise in property values. The June issue produced a record subscription of almost £5m, and the Trust now has a value of £78m, spread among 231 unit-holders, including £13.6m. held by 34 local authority pension funds.

The fund is available only for pension funds and charities which have sufficiently wide investment powers to invest directly in property. This fund enables them to do so without being involved in the management or administration of property investment and without losing the favourable tax position.

W. HENSHALL SLIPS BACK

Aircraft component manufacturer W. Henshall and Sons (Aldershot) discloses a downturn in pre-tax profit from £144,259 to £94,126 for the year ended March 31, 1977. Tax was £52,556, compared with £70,701. There is a first and final dividend of 0.325p. In the previous year the company paid a 0.1625p interim and 0.25p final. At halfway, profit was slightly higher at £61,897 (£58,264).

Setback for Law Land and dividend cut

After a provision of £322,000, taxable profits of Law Land Company declined from £463,934 to £358,373 in the first half of 1977 and there are to be cuts in the rate of dividend. The provision was for the estimated amount by which aggregate cost exceeded aggregate market value of the property trading stocks still held after sales in the half year. Earnings per 20p share after a transfer from capital reserve amounting to £15p (0.83p) and the interim dividend is halved from 1p to 0.5p net.

DataSTREAM, the computerised financial and economic information service sold last December by stockbrokers Hoare Govett, reported its first profits as an independent operation yesterday. But, as the service was under the broker's wing for ten of the 16 months of its accounting period, it is still not clear how much progress has been made towards establishing it as a viable business in its own right. Yesterday's figures show that the computer service turned in a pre-tax profit of £334,000 in the 16 months to the end of June on a turnover of £5.5m. The pre-tax profits comfortably beat forecasts made at the time of DataSTREAM's £15m. sale to a consortium of companies led by RUC International and the Touche Ross Group. But the profits are taken before paying management fees to BOC's computer information service, DataSolve, which the idea that the £20,000 golden handshake. DataSTREAM guarantees are an expensive liability. Mr. Helman hopes that the proportion of group business coming from Hoare Govett will decline over time. And he points out that over 40 stockbrokers now use the valuation service and that over 200 of DataSTREAM's information terminals are now rented by institutional subscribers. The service now has 14 terminals in use in Holland, and it plans to expand its overseas and corporate statistical business. Commenting on staff problems earlier this year—when 111 of DataSTREAM's 149 staff handed in their resignations—Mr. Helman said that the business with Fraser, group chairman writes that "staff relationships are now an on-going relationship." The accounts show that Mr. Helman dismisses suggestions that DataSTREAM's resignation as chairman in May resulted in the withdrawal of the Govett as it were, as the brokers missed resignation threat, received the idea that the £20,000 golden handshake.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is not an invitation to subscribe for or purchase any securities.

NORTHERN ENGINEERING INDUSTRIES LIMITED

Incorporated under the Companies Acts 1948 to 1976

SHARE CAPITAL		Issued and Credited as Fully Paid
Authorised		£
20,000,000	Ordinary Shares of 25p each	16,002,887
4,012,399	8.25 per cent. Cumulative Redeemable Preference Shares of £1 each	4,012,399
709,600	5.375 per cent. Cumulative Preference Shares of £1 each	709,600
1,460,000	3 per cent. Cumulative Redeemable Preference Shares of £1 each	1,460,000
		22,184,886
LOAN CAPITAL		£
	6 per cent. Convertible Unsecured Loan Stock 1989/94	454,296
	7 per cent. Debenture Stock 1986/91	446,940
	10 per cent. Debenture Stock 1988/94	1,066,856
	7 per cent. Unsecured Loan Stock 2000/05	531,116
	8 per cent. Unsecured Loan Stock 1988/93	8,830,814
	9 per cent. Unsecured Loan Stock 1990/95	4,482,845
		£15,894,867

All the securities of the Company have been admitted by the Council of The Stock Exchange to the Official List.

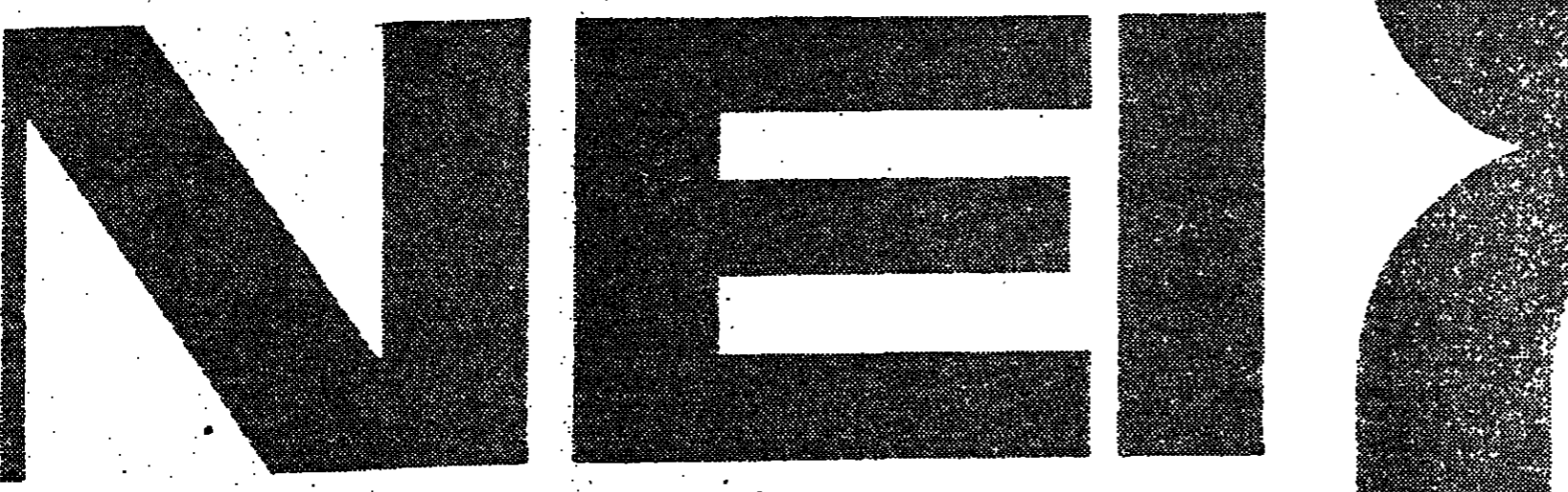
Particulars relating to the Company and its securities are available in the Extel Statistical Services and copies of these particulars may be obtained during usual business hours (Saturdays excepted) between 21st September and 5th October, 1977, both dates inclusive, from:

- N. M. Rothschild & Sons Limited, New Court, St. Swithins Lane, London EC4P 4DU
 - J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS
 - Panmure Gordon & Co., 9 Moorfields Highwalk, London EC2Y 9DS
 - W Greenwell & Co., Bow Bells House, Broad Street, London EC4M 9EL
- 21st September, 1977

new name... international engineering.

Strong groups decide to get together, are aiming for more strength in the world that's why the arrival of N.E.I. on the scene means a lot more than just another name to memorise. Engineering Industries is the new force behind the merger of CLARKE CHAPMAN and REYROLLE PARSONS.

Together they form a new — and fully functioning — multi-million-pound engineering group, operating from over 45 manufacturing locations in Britain, Australia, Canada, Eire, India, New Zealand, South Africa and Zambia. The total workforce is over 36,000 and turnover in 1976 exceeded £360 million.



Merger of Clarke Chapman and Reyrolle is created a comprehensive package of science and resources, completely equipped with a formidable array of electrical and mechanical plant and systems to the world's. The new group is here to offer an enhanced service for project engineering and contracting, with the added advantages that come from the pooling of research and development.

Our main spheres of operation embrace: the manufacture of standard and custom-engineered mechanical handling plant, marine and mining equipment, energy and process plant; the design, manufacture and commissioning of plant for the generation, transmission, distribution and utilisation of electricity for industry and for supply systems.

Northern Engineering Industries Limited



Principal Trading Names

- | | |
|-----------------------------|---|
| Clarke Chapman Limited | Reyrolle Parsons Limited |
| Sir Wm. Arrol | Arclex |
| John Boyd | Belmos Peebles Tools |
| Carter Horseley Engineers | Bruce Peebles Industries |
| Clarke Chapman Marine | Edgcombe Peebles |
| Clarke Chapman Power Plant | Sir Howard Grubb Parsons |
| Clayton Equipment | Munro & Junor |
| Clyde Booth | Parolle |
| Clyde Crane | C. A. Parsons |
| Cowans Sheldon | Parsons Peebles |
| Horseley Bridge | Parsons Peebles Distribution Transformers |
| International Combustion | Parsons Peebles Motors & Generators |
| Kennicott Water Treatment | Parsons Peebles Power Transformers |
| Mackley Pumps | A. Reyrolle |
| Riley Products | Reyrolle Belmos |
| Thompson Castings | Reyrolle Belmos Peebles Mining Sales |
| Thompson Charlton Engineers | Reyrolle Parsons Automation |
| Thompson Cochran Boilers | Reyrolle Parsons International |
| Thompson Friction Welding | Reyrolle Protection |
| Thompson Horseley | Systemshare |
| John Thompson | Whyte & Edward Diecasting |
| Thompson Pipework | |
| Thompson Pressure Vessels | |
| Thompson Tankers | |
| Wellman Cranes | |

Northern Engineering Industries Limited

St. James' Road, Gateshead, Tyne & Wear NE8 3HS. Tel: 0632 772271. Telex: 53239. Cuthbert House, All Saints, Newcastle-upon-Tyne NE99 1NS. Tel: 0632 24013. Telex: 537534

HOME NEWS

Head urges public schools to yield some independence

BY MICHAEL DIXON, EDUCATION CORRESPONDENT
PUBLIC SCHOOLS were yesterday urged to give up some of their independence to help the government bring education more into line with the nation's needs.

More space for cycles

LONDON TRANSPORT has increased free cycle storage facilities at some Underground stations, including Watford, Chesham and Moor Park.

Wholesaler-run grocers join Retail Consortium

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE THREE biggest wholesaler-run voluntary groups of grocers confirmed yesterday that they had decided to join the Retail Consortium.

Thatcher takes trip North to woo Scots

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MRS. MARGARET THATCHER month with trips by Mr Denis Healey, Chancellor, Dr David Owen, Foreign Secretary, and Mr Eric Varley, Industry Secretary.

Liberal lose Hain to Labour

By Ivor Owen, Parliament

MR. PETER HAIN, 2 figure among the young for many years, resigning the Liberal Party yesterday.

'Counter Marxist' appeal

By Michael Dixon, Education Correspondent

AN APPEAL to non-Communists, particularly in universities and polytechnics, to speak out against an increasing attack by Marxist minorities on the basic values of society, was published yesterday by the Institute for the Study of Conflict.

Anglers to have own exhibition

AN INTERNATIONAL fair for anglers, the first in Britain, is to be held next May at the National Exhibition Centre, Birmingham.

Tory MP faces key constituency vote

BY RICHARD EVANS, LOBBY EDITOR

A KEY DECISION on Mr Nicholas Scott's future as Conservative MP for Chelsea will be made Tuesday when the local party executive meets to decide whether he should submit himself for re-election.

Lofts was

INDUSTRY and had electricity worth £8.5 million, Dr Hector Stewart, North Labour MP, said.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D. C.
DM 150,000,000
Private Placement
5 1/2% Bearer Notes of 1977, due 1982

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D. C.
DM 300,000,000
6% Deutsche Mark Bonds of 1977, due 1985

Caravan converters to make small buses

By Terry Dodsworth, Motoring Correspondent

DEVON CONVERSIONS of Sidmouth, one of Britain's leading motor caravan converters, is diversifying into the small bus market with a range of Volkswagen-based mini and midi buses.

'Congestion at ports' concern

By Our Own Correspondent

SERIOUS CONCERN over continuing severe congestion in many ports was voiced at the International Union of Marine Insurance annual conference at Montreux yesterday.

ENNIA N.

Established in The Hague, The Netherlands
The Management Board announces that approval of the Supervisory Board a dividend of Dfls. 2.75 per Dfls. 20.— ordinandien of Dfls. 10.— will be paid for the financial year 1977.

'Increased Profits'

Mr. J. D. Seville, Chairman, commenting on results of the year to 30th April 1977 said: "The year under review has not been without its ups and downs, but it is therefore most gratifying to find an increase in trading profits, albeit a modest one."

List of banks: Deutsche Bank, Dresdner Bank, Commerzbank, Westdeutsche Landesbank Girozentrale, Badische Bank, Bayerische Hypotheken- und Wechsel-Bank, etc.

Handwritten signature or mark at the bottom of the bank list.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

IRI loss rises £300m.

ROME, Sept. 20. In 1975 to 25.6 per cent last year, although rates have fallen during the last six months, although much less so than in world markets generally.

W. GERMAN TYRE MERGER One more defensive measure

BY GUY HAWTIN IN FRANKFURT

FEW OTHER AREAS of West German industry have been hit as badly by the steadily rising value of the Deutsche Mark as the tyre industry.

In increased fuel costs, coupled with inflation generally, have made the West German motorist far more cost conscious.

SWISS COMPANIES Swissair to spend Sw.Fr. 2bn

BY JOHN WICKS

ZURICH, Sept. 20.

SWISSAIR is to aim for about the same financial result in 1978 as that anticipated for this year, according to airline sources.

Schindler prospects

THE SWISS-BASED lift group Schindler foresees no short-term improvement in profits, despite gratifying growth rates for new orders and sales.

EUROBONDS Dollar sector revives

AFTER a very flat day on Monday the secondary bond market revived somewhat yesterday.

Petersville wins

S FORTH SYDNEY, Sept. 20. The current Australian recommendation, withdrawn after the struggle for major local food group Petersville Meats—was velle Australia announced a y, but the contest for SA3.90 cash counter offer.

AMERICAN NEWS Fuqua \$50m. takeover offer

BY STEWART FLEMING

FUQUA INDUSTRIES, which recently lost out to Norton Simon in a bid battle for hire car group Avis, has launched a \$50m. offer for National Industries.

Natomas sees record

NATOMAS COMPANY expects 1977 earnings to reach a record level, with second-half earnings higher than was thought at one time, according to a statement released by the company.

IBM in India

INTERNATIONAL BUSINESS Machines has been told verbally by a member of the Indian Government's committee on the Foreign Exchange Regulation Act (FERA) that its proposal to continue operations in the country has been rejected, writes K. Sharma.

Taiyo Kobe Bank Ltd. Notable Floating Rate U.S. Dollar Certificates of Deposit. Series A - Maturity date 22 September 1980

The Western Company of North America \$32,500,000 of 10 3/4% Subordinated Debentures due September 15, 1997 with 845,000 Shares of Common Stock

STANLEY Stanley Electric Co., Ltd. 6,000,000 Shares of Common Stock evidenced by European Depository Receipts Issue Price U.S. \$1.79 Per Share

r takes th Scots

faces key vote

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

DUTCH COMPANIES

Meneba dips into the red

BY MICHAEL VAN OS

AMSTERDAM, Sept. 20.

MENEBA, the Dutch flour, bread and foodstuffs manufacturer, suffered its first ever loss in the first half of this year and has applied for state financial assistance. It has mentioned a figure of Fls.60m. spread over a four-year period, although the size of the aid is still subject to negotiation with the Ministry of Agriculture. The Board said at a press briefing on the publication of its half-year statement that although the company was in the process of a reorganisation programme, it was also expected to make a loss in the second half. Further, though reduced losses are anticipated for 1978, there should be a modest profit by 1979. Meneba, which made a profit of just Fls.220,000 in 1976, ended the first half of this year with a net loss of Fls.6.1m., compared with a Fls.2.5m. profit in the same period of last year. Much more substantial, however, amounts to Fls.12.6m. (Fls. 3.1m. profit). Meneba's turnover amounted to Fls.558.1m. in the first half (Fls.524.1m.), having totalled Fls.1.1bn. in the past year. Total costs were up to Fls. 171.98m. (Fls.164.7m.) in the period. At the Press conference, the company's chairman, Mr. Frank Martin, cited a number of reasons for the disappointing performance. They included fluctuating raw material prices, falling bread consumption in Holland, the hard guller affecting exports, over-capacity in the sweetstuffs sector, negative impact of the "aren" currency programme - the latest bond issue by the Canadian government could be limited to between 30% and 35% compared to the 50% raised by August's fixed term loan. The terms of the new issue will be announced a week on Friday with market dealings starting the following Monday (October 3). Dealers expect another multiple tranche issue in the week with the August government offering which came in four separate maturities ranging from three to 20 year maturity. The amount of the new loan earmarked for the retail market could, however, be limited given that the Canadian government is already in the process of tapping the private investor via the savings bond campaign. In this event the heaviest weighting could be on any longer term tranche: the 20 year tranche raised in August a 91 per cent. loan dated 1997 and issued at 102; it yields around 9 per cent. Thus the yield differential between U.S. and Canadian longer term bonds is more than a full percentage point. With the Canadian dollar beginning to show signs of stability in foreign exchange markets, dealers are predicting interest in the new government loan from American investing institutions.

Another Canadian split-issue expected

By Jeffrey Brown

COINCIDING with the autumn savings campaign - traditionally part of the Canadian authorities' funding programme - the latest bond issue by the Canadian government could be limited to between 30% and 35% compared to the 50% raised by August's fixed term loan. The terms of the new issue will be announced a week on Friday with market dealings starting the following Monday (October 3). Dealers expect another multiple tranche issue in the week with the August government offering which came in four separate maturities ranging from three to 20 year maturity. The amount of the new loan earmarked for the retail market could, however, be limited given that the Canadian government is already in the process of tapping the private investor via the savings bond campaign. In this event the heaviest weighting could be on any longer term tranche: the 20 year tranche raised in August a 91 per cent. loan dated 1997 and issued at 102; it yields around 9 per cent. Thus the yield differential between U.S. and Canadian longer term bonds is more than a full percentage point. With the Canadian dollar beginning to show signs of stability in foreign exchange markets, dealers are predicting interest in the new government loan from American investing institutions.

State aid totals Fls. 285m.

AMSTERDAM, Sept. 20.

THE DUTCH Economics Ministry said that financial aid granted to the domestic corporate sector totalled Fls.285m. in the first six months of this year. Over the rest of this year, individual companies can still be granted another Fls.340m., under the total funds available for the current year. Although the minister indicated in a letter to parliament that the ministry would be tightening the norms without ending aid too abruptly, there have also been indications that the Government may be planning to free more funds for the troubled corporate sector next year. In the letter to the leader of Parliament Permanent Economic Committee, Minister Mr. Rudd Lubber said that of Fls.285m. granted in January-June, 1977, loans amounting to Fls.73.7m. were granted to 14 companies. Interest-free advances, to four companies, amounted to Fls.55.1m., subordinated loans totalling Fls.53.9m. went to 17 companies, donations "a fonds perdu" were Fls.7.9m. to eight companies and various contributions to nine companies for which in certain cases the forms and aid too abruptly, there have also been indications that the Government may be planning to free more funds for the troubled corporate sector next year. In the letter to the leader of Parliament Permanent Economic Committee, Minister Mr. Rudd Lubber said that of Fls.285m. granted in January-June, 1977,

companies with more than 1,000 employees. The Ministry does not stipulate which companies have received financial aid, although participants are eventually disclosed. However, many of the companies being granted for example subordinated loans have received publicity in the past. Broken down, nine companies have been granted more than Fls.5m., 21 between Fls.1m. and Fls.5m., 11 between Fls.0.5m. and Fls.1m., and 26 up to Fls.0.5m. of the nearly 70 companies that received aid, the lion's share, was in the metal sector (33) followed by the textile sector (17). Metal companies received nearly half of the total sum (Fls.138.4m.), with the textile companies being granted Fls.78m. of the remainder.

Loans for the Philippines

BY FRANCIS GHRELS

ABU DHABI Investment Company is becoming, six months after its inception, active as a syndicated medium term credits. A few months ago it lead-managed a loan for the Emirates Telecomunications Corporation. Last month it lead-managed a \$17m. secured seven-year loan for Abdul Jali Al Fahim and Sons; the proceeds are earmarked for the construction of a Holiday Inn project in Abu Dhabi. Abu Dhabi Investment Company is now leading a syndicate of banks which is raising \$75m. for Philippine National Bank. The sum was increased from an initial \$50m.; maturity is seven years and the spread 1 1/2 per cent.

over Labor. One of the reasons the bank got the mandate appears to be that the authorities in the Philippines were keen to involve an Arab bank in a lead-in position. Just signed in Manila is another \$75m. loan, this time for the Development Bank of the Philippines. The terms are identical to the aforementioned one. There are three co-lead managers: Manufacturers Hanover Asia Ltd., Citicorp International and Bankers Trust Asia Ltd. Meanwhile the latest Mexican fund raising operation has gone extremely well, with the initial amount of \$1bn. being raised to \$1.2bn. Terms are unchanged from those originally announced: a margin of 1 1/2 per cent. over Libor and a maturity of seven years. These terms are very much in line with those recently obtained by Mexican borrowers but the front end fees are understood to be lower which suggests that Mexico might well obtain a lower spread the next time it comes to the market. The syndicate of banks which is arranging this loan includes Bank of America, Deutsche Bank, Lloyds Bank International and Morgan Guaranty. The more than 25 banks in the management group will all be on an equal footing with their name appearing alphabetically on the tombstone.

Sthn. Pacific Properties

GROUP unannounced attributable profit of Southern Pacific Properties fell to \$8K320,000 from \$8K3.5m. in six months ended June 30. Better reports from Hong Kong. An improvement in hotel trading in Australia and New Zealand is expected to continue, and Fiji operations, which showed increased losses in the first half, show some signs of renewed optimism. But the total beneficial impact of these factors on the year's profitability "is not expected to be material." Five hotels in Australia have been sold at a book loss of \$8K1.5m. and this is reflected in operating profits.

ITALIAN CHEMICAL COMPANIES FINANCING

Into the political arena

BY PAUL BETTS IN ROME

WITH MOUNTING financial losses estimated to total this year some L1,000bn., or close on £700m., Italy's chemical companies in the next few weeks will face their moment of reckoning. Involved in expensive investment and restructuring programmes, these companies are now seeking, according to a Bank of Italy report, some L5,000bn. of credit facilities. Most of these facilities will be economically sound - an issue over which major doubts reign. This week, the Board of Italy's largest chemical company, the controversial mixed private-State Montedison group, is scheduled to meet to report its half-year results to the Italian National Commission on the Bourse. Companies, the so-called CONSOB. The country's political forces must also finalise after repeated delays the setting up of a Montedison financial holding company grouping together the company's public shareholdings - a problem that has caused a political split, the Left demanding that the Milan conglomerate be made public, and the Right that it must retain its private character. More important, in strict commercial terms, the group must urgently find some L600bn. of fresh capital from the one source available to supply it, namely the State.

The Montedison group has already had to turn to the government's subsidised salary scheme, which involves the temporary laying-off of employees. It has pulled out of a joint venture with the state-controlled chemical company ANIC at Ottanta in Sardinia. In France, it is at the centre of what has turned into a political row with proposals to lay off some 600 workers at the French textile subsidiary in the Vosges, Monteban France. While the French, fearing a further loss of jobs ahead of their general election in the spring, are trying to trans-

form the Montedison decision into a diplomatic incident, the Italian authorities have unofficially pointed out that Montedison clearly had to start its labour rationalisation plans with its foreign subsidiaries, before making savage labour cuts at home. The picture is equally gloomy for a smaller Italian chemical company, Liquigas. This week's Board also meets, and in its case there is a proposal to liquidate two of its plants in the depressed southern region of Calabria built for the production of bioproducts. The two plants, Liquichimica Saline and Liquichimica Augusta, represent investment totalling \$600m., the company says. But so far, the authorities have only granted Liquigas approval for the experimental production of bioproducts, which have been at the centre of a fierce controversy over possible health hazards. At the same time, this experimental production limited to 40,000 tons annually, cannot be commercially exploited. The repercussions of a crisis in Italy's chemical sector, which would involve particularly the Italian mezzogiorno, or South, are now causing growing concern to the Government. In recent weeks, the industry Minister, Sig. Carlo Donat Cattin, has held a series of talks with major operators in the sector to work out a so-called national chemicals plan. Similar attempts have failed miserably in the past, and the sector has been dominated by what amounts to a state of anarchy in which competing groups have used all their considerable individual political influences to secure the lion's share of available funds.

against fine or secondary of chemicals, require huge investments, low employment and also low competitive strength in international markets. In Italy, in effect, companies limit themselves producing only about 5 per cent of the country's domestic requirement of primary chemicals, leaving this low making sector to the Italian firms. In the highly profitable secondary sector, however, foreign companies now account for 70 per cent of the domestic market and are likely to increase it, since Italian plants, with a few exceptions such as the Montedison propylene plant (which, incidentally, is shortly due to be shut), are unlikely to resist much competition. This could bring about an even gap in Italy's chemical deficit. The signs that something has been done quickly and rat are already evident. Traditional Italian chemical firms, Montedison and SIF at least in principle, deal patch up their former agreement by co-ordinating future investment programmes. But already produced a fierce competition from the rival ANIC which with a turnover of L773bn. is one of the major chemical concerns has indicated quite open it would oppose any agreement by the two companies. As to Montedison, its chemical group - turnover is larger than the rival SIF, ANIC and groups combined - is trying to find fresh cash number of devices, including recent sale of its profitable subsidiary, the Gasitalia to the IRI-Paolo di Torino. In the long run, however, available money there have to come from this. This implies, in an Italy text, complex political moves and compromise national chemical plan. dual recovery plan for five companies, must drop into the political

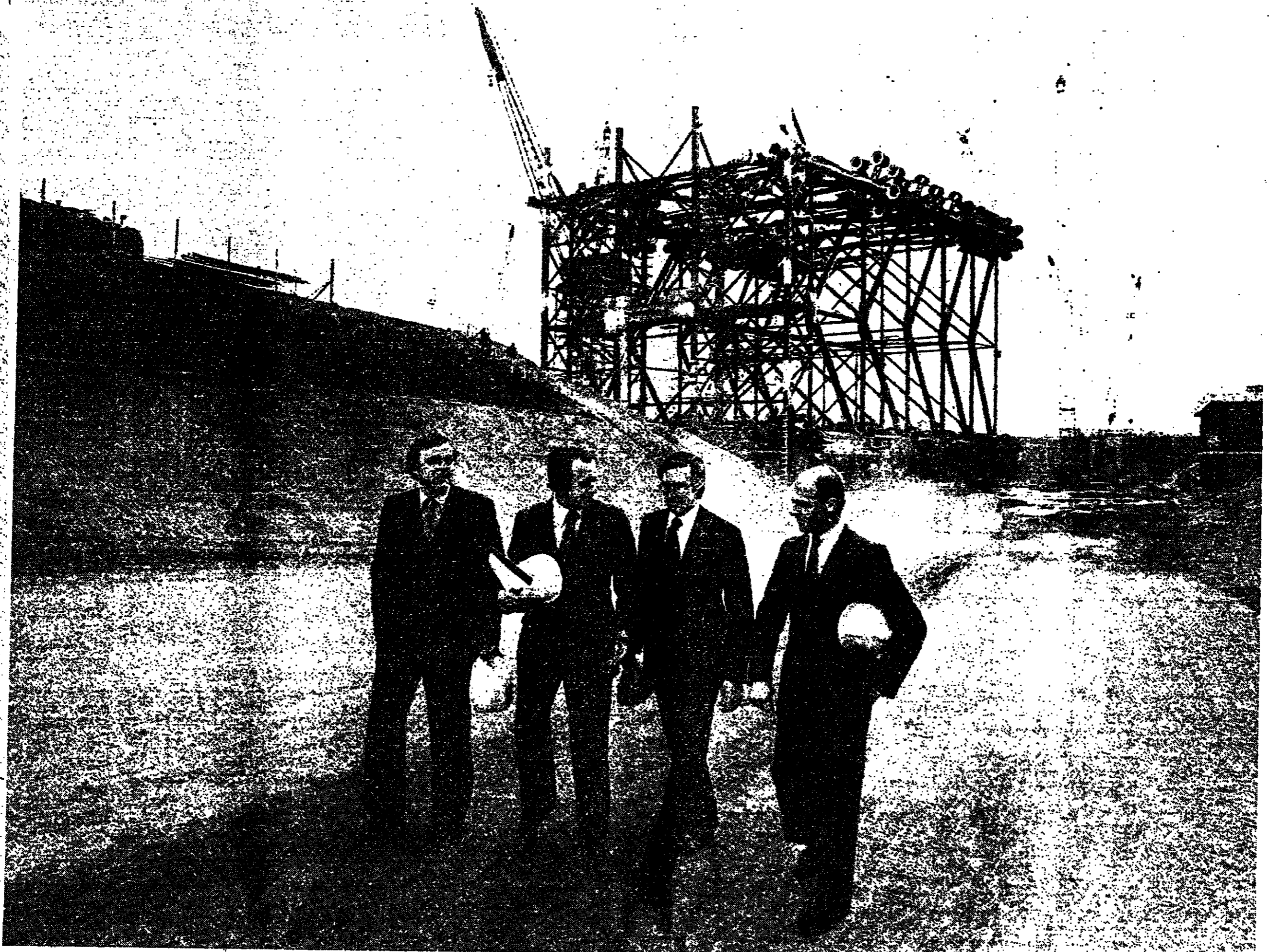
Sig. Carlo Donat Cattin, has held a series of talks with major operators in the sector to work out a so-called national chemicals plan. Similar attempts have failed miserably in the past, and the sector has been dominated by what amounts to a state of anarchy in which competing groups have used all their considerable individual political influences to secure the lion's share of available funds. The signs that something has been done quickly and rat are already evident. Traditional Italian chemical firms, Montedison and SIF at least in principle, deal patch up their former agreement by co-ordinating future investment programmes. But already produced a fierce competition from the rival ANIC which with a turnover of L773bn. is one of the major chemical concerns has indicated quite open it would oppose any agreement by the two companies. As to Montedison, its chemical group - turnover is larger than the rival SIF, ANIC and groups combined - is trying to find fresh cash number of devices, including recent sale of its profitable subsidiary, the Gasitalia to the IRI-Paolo di Torino. In the long run, however, available money there have to come from this. This implies, in an Italy text, complex political moves and compromise national chemical plan. dual recovery plan for five companies, must drop into the political

Table with columns: STRAIGHTS, MID-DAY INDICATIONS, SELECTED EURODOLLAR BOND PRICES, D-MARK BONDS, FLOATING RATE NOTES, NOTES. Lists various bond prices and interest rates.

Redpath Industries Limited (Incorporated under the laws of Canada) U.S. \$25,000,000 9% Debentures due 1989 Issue Price: 100% plus accrued interest. List of international banks and financial institutions including Wood Gundy Limited, S. G. Warburg & Co. Ltd., etc.

Fabrique Nationale Herstal, S.A. has acquired more than 90 per cent of the outstanding shares of common stock of Browning. F. N. International Société Anonyme Holding. A subsidiary of. Merrill Lynch International & Co. The undersigned acted as financial advisers to Fabrique Nationale Herstal, S.A. in connection with this transaction.

NCING
Critical area
Member, FDIC
DOLLAR BOND PRICES
INDICATIONS



At the construction site of a North Sea drilling platform in Scotland are four of the Morgan officers who deal with petroleum projects. From left, Peter Watcke, Brenton Bradly, Peter Rugg, and Gildas Leconte du Nouy.

On petroleum projects and acquisitions the time to talk to Morgan Guaranty is when you don't want to talk to anyone

Often the most critical phase of a petroleum project or acquisition is the internal consideration it gets before a company extends its first feeler. By definition, such consideration must stay confidential. To be practical, however, it demands expert advice on complex matters like regulatory constraints, tax and securities restrictions, the best method of funding. If the deal is international, the importance of such advice mounts geometrically.

This is why major energy companies frequently call on Morgan Guaranty's petroleum bankers before anyone else knows there is a project.

Morgan bankers are involved in petroleum financing all over the world. They can give you experienced counsel on local political environments and economic conditions. And because of their knowledge of the industry, they can give you important help in evaluating possible investments or acquisitions, or in financing your com-



pany's entry into new sectors of the energy business.

Petroleum financing is big business at Morgan. We are the lead bank in half of the oil loans in which we are a participant. We can help you quickly pinpoint the best sources of funds. We can help you structure and present your loan proposals, however technical.

When you want to talk to somebody before you talk to everybody, talk to Morgan Guaranty. Call Brenton J. Bradly, Vice President, at 01-283-8888. Or write to him at Morgan Guaranty, 33 Lombard Street, London EC3P 3BH.

MORGAN GUARANTY TRUST COMPANY, 23 Wall Street, New York, N. Y. 10015 • IN LONDON: 33 Lombard Street, EC3P 3BH; 31 Berkeley Square, W1X 6EA • BANKING OFFICES: Paris, Brussels, Antwerp, Amsterdam (Bank Morgan Labouchere), Frankfurt, Düsseldorf, Munich, Zurich, Milan, Rome (open fall 1977), Tokyo, Singapore, Nassau • REPRESENTATIVE OFFICES: Madrid, Beirut, Sydney, Hong Kong, Manila, São Paulo, Caracas • INTERNATIONAL BANKING SUBSIDIARIES: San Francisco, Houston, Miami, Toronto (J.P. Morgan of Canada Limited) • Incorporated with limited liability in the U. S. A.

Morgan Guaranty - the corporate bank

WALL STREET OVERSEAS MARKETS + FOREIGN EXCHANGES Pound easier

BY OUR WALL STREET CORRESPONDENT

AN IRREGULAR TREND developed on Wall Street today, following further losses across a broad front in early trading.

After opening another 1.55 down at \$49.75 a new 21-month low—the Dow Jones Industrial Average partially recovered to \$50.92 by 1 p.m. for a net loss of 0.60.

Closing prices and market reports were not available for this edition.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Price, Change, Volume. Includes Samba's Restaurants, Scott Paper, Inland, etc.

Indices

Table showing DOW JONES, S&P 500, NYSE, AMEX, NASDAQ indices with high/low and percentage change.

STANDARD AND POORS

Table showing Standard & Poor's indices: Industrial, Composite, Div. Yield %.

OVERSEAS SHARE INFORMATION

Large table listing various international stocks with columns for Stock Name, Price, Change, Div. Yield %.

Hudson's Bay lost \$1 to \$131 but Albitri Paper rose \$1 to \$91. Toronto-Dominion Bank firmed \$1 to \$174.

PARIS—Market eased in this trading with continuing political anxiety and the overnight fall in Wall Street affecting almost all sectors.

BRUSSELS—Belgian shares were irregular in fairly active trading.

OTHER MARKETS

Canada easier

Canadian stock markets remained slightly lower in light morning trading yesterday.

MONTREAL

Table showing Montreal stock market indices: Industrial, Composite, Div. Yield %.

JOHANNESBURG

Table showing Johannesburg stock market indices: Gold, Industrial, Div. Yield %.

NEW YORK

Table listing various US stocks with columns for Stock Name, Price, Change, Div. Yield %.

JOHANNESBURG—Gold shares firmed, with heavyweights gaining up to 75 cents, while other increases ranged between 5 and 25 cents.

Asbestos shares were 15 to 20 cents lower while, in Tins, Roothberg lost 25 cents to R9.25.

HONG KONG—Little changed after a slightly weaker opening.

EXCHANGE CROSS-RATES

Table showing exchange rates for Frankfurt, London, Amsterdam, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies and terms.

GERMANY

Table listing German stocks with columns for Stock Name, Price, Change, Div. Yield %.

TOKYO

Table listing Tokyo stocks with columns for Stock Name, Price, Change, Div. Yield %.

AMSTERDAM

Table listing Amsterdam stocks with columns for Stock Name, Price, Change, Div. Yield %.

COPENHAGEN

Table listing Copenhagen stocks with columns for Stock Name, Price, Change, Div. Yield %.

VIENNA

Table listing Vienna stocks with columns for Stock Name, Price, Change, Div. Yield %.

MILAN

Table listing Milan stocks with columns for Stock Name, Price, Change, Div. Yield %.

PARIS

Table listing Paris stocks with columns for Stock Name, Price, Change, Div. Yield %.

STOCKHOLM

Table listing Stockholm stocks with columns for Stock Name, Price, Change, Div. Yield %.

sterling lost further ground in the foreign exchange market yesterday, with all forward positions returning to discounts in terms of the dollar.

The pound moved within a fairly narrow range against the dollar, before closing at \$1.7415, a fall of 3 points on the day.

CURRENCY RATES

Table showing currency rates for various countries.

FORWARD RATES

Table showing forward rates for various currencies.

BRUSSELS/LUXEMBOURG

Table listing Brussels/Luxembourg stocks with columns for Stock Name, Price, Change, Div. Yield %.

AUSTRALIA

Table listing Australian stocks with columns for Stock Name, Price, Change, Div. Yield %.

OSLO

Table listing Oslo stocks with columns for Stock Name, Price, Change, Div. Yield %.

JOHANNESBURG

Table listing Johannesburg stocks with columns for Stock Name, Price, Change, Div. Yield %.

MINES

Table listing various mining stocks.

INDUSTRIALS

Table listing various industrial stocks.

PARIS

Table listing Paris stocks with columns for Stock Name, Price, Change, Div. Yield %.

SPAIN

Table listing Spanish stocks with columns for Stock Name, Price, Change, Div. Yield %.

STOCKHOLM

Table listing Stockholm stocks with columns for Stock Name, Price, Change, Div. Yield %.

GOLD MARKET, FOREIGN EXCHANGES, and other financial data tables on the right side of the page.



TRADING AND RAW MATERIALS

Lamb prices

Commodities Staff... Prices of New Zealand lamb...

Plea for duty-free apple imports to ease shortage

APPLE PRICES could "rocket to the ceiling" this winter if the EEC does not suspend its import tariff...

avocado begins

IN AVIV, Sept. 20... The first Israeli avocado exports...

U.K. corn markets depressed

THE CEREALS market here, like others in the South of England...

CHINESE R HARVEST

GOOD summer... The New China worst in being sold at the same price...

Good prospects for wheat pact

MR. OTTO LANG, Minister responsible for the Canadian Wheat Board...

Tin prices surge higher

By John Edwards... TIN PRICES surged upwards again on the London Metal Exchange yesterday...

Unmoved

He warned that this could seriously weaken the Nine's standing in UNCTAD...

NICKEL OUTPUT OUTPACES USAGE

WORLD nickel production is expected to increase this year by some 100,000 tonnes...

EEC FOREIGN MINISTERS MEETING France vetoes sugar export quotas bid

THE FRENCH GOVERNMENT has refused to contemplate any restraint on EEC sugar exports here today...

Belgian scrap trade failure reported

U.K. non-ferrous scrap traders appear to be unworried by the financial collapse...

Beet lobby

Officials here are still hoping that Paris will soften its position in time for a revised mandate...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metals, Tin, Lead, Zinc, Silver, Gold, etc. showing prices and changes.

COFFEE

LONDON coffee futures opened steady...

GRAINS

LONDON GRAIN FUTURES (CAPITA)... The market is steady...

WHEAT

WHEAT... Yesterday's prices...

BARLEY

BARLEY... Yesterday's prices...

SOYABEAN MEAL

Steady overnight Chicago prices...

WOOL FUTURES

THE market was steady in light trading...

MEAT/VEGETABLES

SMITHFIELD (Prices in pence per pound)...

PALM OIL

LONDON SOYABEAN OIL... The market is steady...

JUTE

DUNDREE... Prices are steady...

PRICE CHANGES

Table showing price changes for various commodities.

U.S. Markets

Sugar collapsed on the news...

Selling hits price of sugar

Sugar collapsed on the news...

Malaysian palm oil output up

CRUDE PALM OIL output on the Malaysian peninsula...

Wool futures

THE market was steady in light trading...

Meat/vegetables

SMITHFIELD (Prices in pence per pound)...

Palm oil

LONDON SOYABEAN OIL... The market is steady...

Jute

DUNDREE... Prices are steady...

Financial Times

Table showing financial data for various companies.

Down Jones

Table showing Dow Jones index data.

Thai potash discovery

BANGKOK, Sept. 20... Mr. PERM LIMPAISAWAT, Thailand's industry Minister...

GRIMSBY FISH

GRIMSBY FISH... Supply near and demand good...

Advertisements for Rences, Rmination at Work, and T and Listen to the Experts.

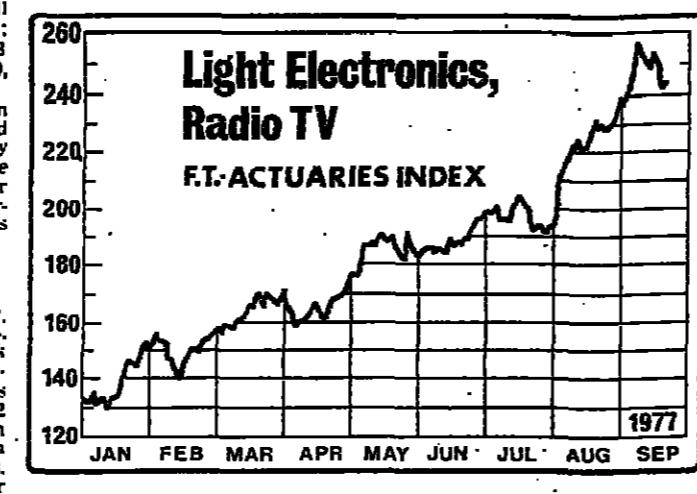
STOCK EXCHANGE REPORT

Selling dries up and markets improve on small buying. Share index 5.4 up at 522.3 helped by firmer gilt-edged

Account Dealing Dates. First Declared Last Account Dealings Last Dealings. Selling dries up and markets improve on small buying. Share index 5.4 up at 522.3 helped by firmer gilt-edged.

J. Menzies feature. In Chemicals, ICI edged up to 429p before closing to 429p. Elsewhere, Advest higher on balance at 477p.

Palerson Zochols "A" 6 higher at 215p. Edinburgh and Dundee Investment Trust continued to figure prominently, rising 6 to 155p.



Banking improve. Banks took a turn for the better with Barclays, 305p, and Lloyds, 256p, both improving 6p.

Among Foods, Bernard Matthews featured with a rise of 5 to 157p on the doubled first-half profits.

Oil Exploration up. Oil Exploration featured a firm oil sector, rising 22 to 292p on revived speculative demand.

Short Gilts rebound. British Funds of a medium and longer maturity began easier in reflection of the previous evening's tendency.

Redfern suspended. Redfern National Glass featured miscellaneous Industrials with a rise of 20 to 270p before dealings in the shares were temporarily suspended.

Gold up again. South African Golds moved further ahead yesterday in line with the rise in the bullion prices.

FINANCIAL TIMES STOCK INDICES. Table with columns for various indices like Government Sec, Fixed Interest, Industrial Ordinary, etc., and their values.

HIGHS AND LOWS. Table showing high and low prices for various stocks like Govt Sec, Fixed Int, Ind. Ord, and Gold Mines.

Options Traded. Table listing various options trades including Electrical A, Lloyds, Vintea, Courtauld, etc.

NEW HIGHS AND LOWS FOR 1977. Table listing new highs and lows for various stocks and shares.

ENTERTAINMENT GUIDE

Entertainment Guide section containing listings for Opera & Ballet, Theatres, and various performance schedules.

RECENT ISSUES

Table of Recent Issues including Equities and Fixed Interest Stocks with columns for issue name, price, and other details.

"RIGHTS" OFFERS

Table of Rights Offers listing company names, issue amounts, and offer dates.

ACTIVE STOCKS

Table of Active Stocks listing various stocks like Shell Transport, ICI, Tube Investments, etc., with their current prices and changes.

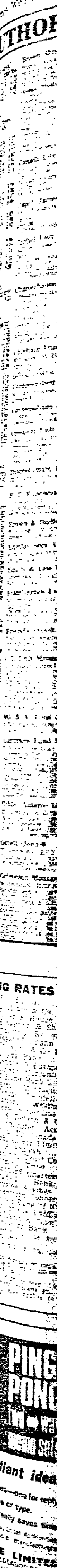
FT-ACTUARIES SHARE INDEX

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

FT-ACTUARIES SHARE INDEX table showing index values for various sectors like Capital Goods, Building Materials, etc.

FIXED INTEREST PRICE INDICES

Table of Fixed Interest Price Indices showing yields and prices for British Government, Local Government, and Other issues.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and Practical Invest. Co. Ltd. with columns for fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds listing various international investment funds such as Arbunet Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Bda.) Ltd., and Kemp-Coo Management Jersey Ltd.

BASE LENDING RATES

Table of Base Lending Rates listing various banks and their respective interest rates for different types of loans and deposits.

NEIL TRUST MANAGERS LTD

Table of Neil Trust Managers Ltd listing various unit trusts and their performance details.

NEW COURT FUND MANAGERS LTD

Table of New Court Fund Managers Ltd listing various unit trusts and their performance details.

PEARL TRUST MANAGERS LTD

Table of Pearl Trust Managers Ltd listing various unit trusts and their performance details.

ROYAL BANK GROUP

Table of Royal Bank Group listing various unit trusts and their performance details.

Advertisement for BING PONG featuring a ping pong table and promotional text: 'Simple but brilliant idea!'

Advertisement for DSHAW BRODIE LIMITED, a financial services firm, with contact information and a list of services.

Advertisement for CLIVE INVESTMENTS LIMITED, a financial services firm, with contact information and a list of services.

Advertisement for INSURANCE BASE RATES, providing a table of rates for various insurance policies and services.

HOTELS-Continued

Table of hotel stock prices including North (H.F.) Ltd, Princes of Wales, Queen's Hotel, etc.

INDUSTRIALS (Miscel)

Large table of industrial stock prices including A&E Research, Abbey Ltd, Abbey Wood, etc.

FT SHARE INFORMATION SERVICE

ENGINEERING-Continued

Table of engineering stock prices including CamWood 20p, Greenhill 10p, etc.

ELECTRICAL AND RADIO

Table of electrical and radio stock prices including A.R. Electronics, Audio Video, etc.

DRAPERY AND STORES-Cont.

Table of drapery and stores stock prices including MFT House 10p, Maple 10p, etc.

CHEMICALS, PLASTICS

Table of chemicals and plastics stock prices including Alzo, Albright Wilson, etc.

DRAPERY AND STORES

Table of drapery and stores stock prices including Allied Retail 10p, Amber 10p, etc.

BUILDING INDUSTRY-Cont.

Table of building industry stock prices including Callford Br. 5p, Gibbs D. 5p, etc.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase stock prices including ANZ 50p, A&P 50p, etc.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stock prices including Allied Brew, Amstel 10p, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stock prices including Aberdeen Const, Alcon 10p, etc.

AMERICANS-Continued

Table of American stock prices including 1977 High, Low, Stock, Price, etc.

CANADIANS

Table of Canadian stock prices including 1977 High, Low, Stock, Price, etc.

COMMONWEALTH & AFFRICAL LOANS

Table of commonwealth and African loans including 1977 High, Low, Stock, Price, etc.

AMERICANS

Table of American stock prices including 1977 High, Low, Stock, Price, etc.

FOOD, GROCERIES, ETC.

Table of food, groceries, etc. stock prices including Alpha Soft 10p, Asda 10p, etc.

HOTELS AND CATERERS

Table of hotels and caterers stock prices including Addis Int 10p, Airedale 10p, etc.

Brown Shipley advertisement: the right size for your merchant bank

BRITISH FUNDS

Table of British funds including Treasury 30p, etc.

Over Fifteen Years

Table of funds with over fifteen years including Treasury 30p, etc.

UNDATED

Table of undated funds including Treasury 30p, etc.

INTERNATIONAL BANK

Table of international bank funds including 1977 High, Low, Stock, Price, etc.

CORPORATION LOANS

Table of corporation loans including 1977 High, Low, Stock, Price, etc.

LOANS (Miscel)

Table of miscellaneous loans including 1977 High, Low, Stock, Price, etc.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails including 1977 High, Low, Stock, Price, etc.

AMERICANS

Table of American stock prices including 1977 High, Low, Stock, Price, etc.

C.S. & D.M. prices exclude inv. \$ premium

STOCKS—Continued

Table of stock prices and changes, including columns for stock names, prices, and percentage changes.

INSURANCE—Continued

Table of insurance company stock prices and changes.

PROPERTY—Continued

Table of property-related stock prices and changes.

TRUSTS—Continued

Table of trust-related stock prices and changes.

TRUSTS—Continued

Table of trust-related stock prices and changes.

DAIWA SECURITIES logo and company information.

MINES—Continued

Table of mining stock prices and changes.

AUSTRALIAN

Table of Australian stock prices and changes.

TINS

Table of tin stock prices and changes.

COPPER

Table of copper stock prices and changes.

MISCELLANEOUS

Table of miscellaneous stock prices and changes.

NOTES

Notes section providing financial details and company information.

TEAS

Table of tea stock prices and changes.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stock prices and changes.

SRI LANKA

Table of Sri Lankan stock prices and changes.

AFRICA

Table of African stock prices and changes.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices and changes.

COMPONENTS

Table of component stock prices and changes.

SHIPBUILDERS, REPAIRERS

Table of shipbuilders and repairers stock prices and changes.

SHIPPING

Table of shipping stock prices and changes.

SHOES AND LEATHER

Table of shoes and leather stock prices and changes.

CENTRAL AFRICAN

Table of Central African stock prices and changes.

OVERSEAS TRADERS

Table of overseas traders stock prices and changes.

RUBBERS AND SISALS

Table of rubber and sisal stock prices and changes.

MINES

Table of mining stock prices and changes.

CENTRAL RAND

Table of Central Rand stock prices and changes.

EASTERN RAND

Table of Eastern Rand stock prices and changes.

FAR WEST RAND

Table of Far West Rand stock prices and changes.

O.F.S.

Table of O.F.S. stock prices and changes.

FINANCE

Table of finance stock prices and changes.

INSURANCE

Table of insurance stock prices and changes.

PROPERTY

Table of property stock prices and changes.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices and changes.

TOBACCO

Table of tobacco stock prices and changes.

FINANCE, LAND, ETC.

Table of finance, land, and other stock prices and changes.

Service available to every company dealing in stock exchanges throughout the United Kingdom for a fee of £300 per annum for each security.

REGIONAL MARKETS

Table of regional market stock prices and changes.

IRISH

Table of Irish stock prices and changes.

OPTIONS

Table of options stock prices and changes.

A selection of options traded is given on the London Stock Exchange Report page.

FACTORIES & WAREHOUSES BERNARD THORPE LONDON, SW1 TEL: 01-834 6850

BUY BRITISH STEEL FROM... WE STOCK KING SIZES... 1501-21-22A 4350-43A LLOYD'S GRADE

Ministers likely to oppose splitting Post Office

BY JOHN LLOYD, INDUSTRIAL STAFF

MINISTERS at the Department of Industry are understood to have decided against introducing legislation to split the Post Office into two separate corporations. Their view is likely to be endorsed by the Cabinet when it considers the matter.

It has been influenced to its decision by the advice of Mr. Tom Jackson, the General Secretary of the Union of Post Office Workers, who has been arguing powerfully against the split since the Carter Committee reported.

Mr. William Barlow will thus succeed to a Board which will require a number of senior appointments, but which will remain unified for the foreseeable future.

Japanese to limit steel exports

By Charles Smith

TOKYO, Sept. 20.

IN A MOVE which could have widespread repercussions for other exporters, Japan's steel industry has publicly expressed an intention to restrain its exports to the U.S.

The statement, made by Mr. Yoshihiro Inayama, head of the Japan Iron and Steel Institute and also chairman of Nippon Steel, reflects the views of the country's big five steelmakers, which account for just under 70 per cent of Japan's steel exports to the U.S.

However, the big five have apparently not managed to impose their view on the smaller non-integrated makers, who remain anxious to maximise their U.S. sales.

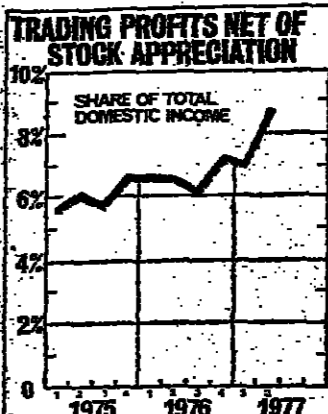
For this reason, Mr. Inayama is saying that Japan's Ministry of International Trade and Industry must issue an ordinance formally restricting exports and setting quotas for individual companies.

The background to the Japanese industry's action is its anxiety about the campaign against Japanese steel imports which the U.S. industry has been conducting since the beginning of this year.

THE LEX COLUMN Tougher times for Bank of Scotland

Bank of Scotland has come up with nearly £14m. pre-tax in the six months to August compared with £15.5m. in the second half of 1976-77 (and £11.5m. in the first). That looks fair going, considering that its average base rate was around 4 points lower than in the preceding six months at around 9 per cent.

Index rose 5.4 to 522.3



Despite both this and a stagnant performance in sterling lending, it looks as though its banking profits may or less held steady over the two half-year periods. Profits from the finance house subsidiary were as much as £1m. lower than in the September-February period, while the debt provisions—which are calculated on the basis of a five-year average—were about £1m. higher. Against this, one helpful feature has been a better mix of deposits which has enabled the group to withdraw almost entirely from the expensive wholesale money markets.

From now on, things are going to get tougher. Base rate is down to 7 per cent, and in the last month or two private deposits have eschewed to 'trickle out. Moreover the growth of the international business is falling off sharply. From an admittedly small base, the latest period saw a rise of about 70 per cent compared with the first half of last year. Compared with the second half, the rise drops to about a fifth.

However the finance house side—which accounts for a calendar year basis—is going to do much better over the rest of the year, thanks to the impact of lower money costs on its fixed rate business. Assuming that overall profits for the year are roughly in line with the 28.5m. of 1976-77, the finance contribution could be in excess of 30 per cent. This is an obvious support for the status of the share price at a time when there are real worries about the profitability of retail banking. At 270p, the prospective yield is over 6 per cent, and the p/e around 7.

Wilson inquiry

Having seen "it all happen" —four hours in a forex dealing room and numerous lunches and taken on a load of evidence (the newly published tome being the Treasury's and Department of Industry's Sir Harold Wilson's City Committee seems so far to have settled on two issues on which it might have something new to say, was not pursued by the Com-

mitted. It is one of question to be asked when team goes to the U.S. top times as many com are quoted in OFI man one sort or another as authorised exchanges, before the SE's fairly listing requirements for holders in an SEC-less are gaily justified search for risk capital existence of this risk cap to be established.

Company profits

Figures published underline the crucial difference between real as reported profits in 1977 the way that North S distorting the overall performance of the sector. Compared with half of 1976, the increase gross trading profit of fell from 26 to less than 1 cent, between the second quarter of 1977 after deducting stop-gain the pattern is with a rise of 19 per cent in the first three months of 1977. However, more than increase in the half-year, rapidly increased from North Sea oil background for other is noticeably less buoyant, the cost of investment—as capital consumption current prices—rising fast. As the England pointed out, cash profits net of depreciation and tax assumption are only same as in 1976, which has joined the OTC bandwagon that their share of all but

NEB chief warns Leyland on labour relations

BY TERRY DODSWORTH

MR. LESLIE MURPHY, chairman of the National Enterprise Board, reiterated yesterday that British Leyland must come up with tangible improvements in its labour relations by November if it is to avoid a drastic review of its car manufacturing operations.



MR. LESLIE MURPHY "Time is slipping away."

In a guarded reference to the present pay negotiations going on in the company, Mr. Murphy said that he was "conscious that time was slipping away."

"I am still hopeful that sanity will prevail and that the unions and management will be able to come to a reasonable agreement which will avoid the serious consequences that would result from the drastic review of the cars plan mentioned by the National Enterprise Board and ratified by the Secretary of State last March."

land's financial position on the NEB, its major shareholder, was illustrated yesterday in half-year figures showing a pre-tax profit for the Board of only £13.7m. compared with £47.1m. in the same period last year.

cent last year. Leyland and Rolls-Royce pulled this figure down to 6.3 per cent. Nevertheless, Mr. Murphy, who was giving his first Press conference since taking over from Lord Ryder, went on to stress the NEB's commitment to the future of Rolls-Royce.

The aerospace company would, he said, be given financial help to develop its new family of engines derived from the RB-211 and designed to give the company a product to attack the market for the new range of civil aircraft, planned for the 1980s.

Among the other points he made were: ● The NEB is not "giving up the struggle" to rationalise the turbo-generating industry in Britain. Mr. Murphy believed it was still essential that the industry should be rationalised.

German Corona group plans merger of tyre companies

by GUY HAWTIN

FRANKFURT, Sept. 20.

PLANS TO merge two of West Germany's largest tyre manufacturers were announced today. If accepted by the Federal Republic's Cartel Office, a new grouping will emerge with combined sales of about DM2.5bn. (£919m.).

The surprise announcement came from Corona Beteiligungs-Gesellschaft which is a major shareholder in both Continental-Gummi-Werke, West Germany's largest tyre manufacturer, and Phoenix-Gummiwerke, also a leader in the industry.

stock exchange rumours here that Corona was seeking a buyer for its more than 60 per cent holding in Phoenix.

Mr. Vorster's announcement has diverted attention from the outcry over the death of Mr. Steve Biko, the leading black politician who died in police detention last week.

Yesterday dealings in Phoenix shares were suspended, but no reasons, beyond the rumours themselves, were given for the suspension. The plans would allow the two groups to operate "co-equally and side-by-side" in the market.

The deal is dependent on the approval of the West Berlin-based Federal Cartel Office and this by no means a foregone conclusion.

Weather

U.K. TO-DAY CLOUDY with outbreaks of drizzle in eastern England, elsewhere mostly dry but cloudy. Rather cold.

intervals especially in west. Max.: 15C (59F). Wind variable, light. N.W. Wales, N.W. England, Lake Dist., Isle of Man

Stock exchange rumours here that Corona was seeking a buyer for its more than 60 per cent holding in Phoenix.

Corona today refused to comment on whether it expected the cartel office's approval. "It is always impossible to say one way or another what will be decided until the case has been presented."

Table with columns for 'Day', 'Mid-day', and 'Night' for various locations including London, Birmingham, Bristol, etc.

Table with columns for 'Day', 'Mid-day', and 'Night' for various locations including London, Birmingham, Bristol, etc.

las are defending. Their passage has evidently been facilitated and their supplies provided by the Syrians, who dominate the joint Arab peacekeeping force in the Lebanon.

no indication of movement of either Syrian or Palestinian troops into the region. Earlier eyewitnesses were reported as saying that Israeli armoured personnel carriers were seen moving back into Israel across the Lebanon frontier on Monday.

A few words about Tokai Bank's expanding international operations.

Advertisement for Tokai Bank featuring a cartoon illustration of a man sitting at a desk with a globe, surrounded by speech bubbles and text describing the bank's international operations.